THE POLITICAL ECONOMY OF RESOURCE REGULATION

AN INTERNATIONAL AND COMPARATIVE HISTORY, 1850–2015

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Natural Resource Regulations and the Global Economy

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> The meek shall inherit the earth, but not its mineral rights.
>
> – JOHN PAUL GETTY

Natural resources are the raw materials or natural assets that occur in nature and that can be used for economic production or consumption.[1] Throughout history, natural resources have always been a foundation for power and wealth. Important in war and peace alike, access to and control over natural resources is therefore a key issue for all societies. The question of access is intimately linked to the nature of these resources. As they are unevenly scattered across the globe, no state contains all the natural resources it needs within its own boundaries. Consequently, since prehistoric times, these different natural endowments have provided a key incentive for trade between and among societies. At the same time, this situation also means that the question of control is far more than a local issue. The question of who gets to exploit natural resources and under what terms has wide-ranging implications not only for the society in which the resources are found but also for all the other societies that depend on having access to those resources. Although cross-border dependence on natural resources has always existed, this became particularly significant during the nineteenth century. As industrialization and population growth generated an ever-increasing demand for raw materials, new innovations and investments in transportation and communication laid the foundations for a truly global exchange of natural resources. The scale and scope of this trade reached a new and unprecedented intensity after the breakthrough of the Second Industrial Revolution towards the end of the nineteenth century. Accordingly, the question of who should have the right to access, control, and profit from natural resources became a vital political issue.

Natural resources are natural objects for political regulation due not least to some peculiarities of raw materials in economic activity. First, just as the availability, quantity, and quality of natural resources vary greatly from place to place, so the extent to which they can be profitably exploited will also vary. Thus, if all other input factors are equal, richer natural resources will yield a higher return than will less rich natural resources. This specific profit is often referred to as scarcity rent, or *resource rent*.[2]

Second, the exploitation of natural resources is not simply a source of wealth: it can also have considerable negative externalities in terms of environmental and social impact. Many sources for raw materials are nonrenewable, which means that they are finite by their very nature. Yet, even when they are not, the exploitation of natural resources can easily be a matter of trading short-term windfalls for long-term deprivations if they are not managed in a sustainable manner. Even when exploited in a way that can be continued in perpetuity, such exploitation can still be detrimental to biodiversity and to affected populations and their way of life.

According to regulation theory,[3] as natural resources are the source not only of "market failures" (i.e., a situation in which the allocation of goods and services in a market is not efficient) such as *resource rents* but also of considerable *externalities*, they are natural subjects for political regulation. Exerting political regulation over natural resources has been a historical process, and it has been shaped by a third important feature of natural resources: over the course of the nineteenth century they have come to epitomize the interdependence of a global economy. During this time industrial economies increasingly depended on a continued supply of a complex array of natural resources from outside their own territories, without which they would have suffered and possibly ground to a halt. Thus, the regulation of natural resources both determined – and was determined by – the relationship between nations.

The primary objective of this book is to give an international historical account of the different ways natural resources have been politically regulated since the Second Industrial Revolution and how this has evolved. With regard to governments, since the mid-nineteenth century, both the goals and the means of regulating the exploitation of natural resources have changed substantially, as have economic realities and the demands of interest groups as well as the broader public. Moreover, the international rules and norms for what is considered to be legitimate government action have also evolved, crucially shaping the framework within which governments operate.

We believe that natural resource regulation has played a decisive role in shaping both the political economy of resource-dependent nations and the international political economy. Through a series of historical case studies, mainly of resource-rich countries but also of have-not countries, spanning all seven continents, we discuss how, over time, different ideas, interest groups, international institutions, and political configurations have created different regulatory regimes in different countries. Our aim is to provide an international and comparative history of natural resource politics, something that has too often been confined to more narrow national perspectives or that is simply missing from current discussions on natural resource regulations.

Resource Nationalism and Democracy: A Short History of Resource Regulation

Both for their strategic and their economic value, control over the gifts of nature has been of key political importance. Throughout history, minerals, rivers, and often land itself have frequently been the legal domain of kings and nobles. In the liberal era of the mid-nineteenth century, or what Eric Hobsbawm dubbed the "Age of Capital," private ownership and control over natural resources was to a large extent recognized. The retreat from the idea of a state prerogative over natural resources was never total, yet most states either had adopted, or were forced to adopt, liberal principles or practice regarding natural resource ownership. Taxation and royalties were usually light and private investors – both foreign and domestic – were in most cases free to exploit resources as they pleased and retain any profits they might gain from the venture. This brief apex of laissez-faire forms the starting point of this book.

From this point on, this consensus of economic liberalism in dealing with natural resources would be challenged primarily from the rising force of three partially related developments. The first was the general tendency of increasing state power. State capacity – and ambitions – for intervention in the economy and regulation increased. However, one should note that this development took place at very different points of time and in varying ways around the world. In some countries, as in Scandinavia, the rise of the modern regulatory or interventionist state was well under way by 1900; in other parts of the world it happened in the wake of the world wars, the depression, or decolonization; in quite a few countries, an efficient state apparatus is yet to be developed.

Rising state interventionism in the economy was often intertwined with the emergence of protectionist economic nationalism, which appeared – or reappeared – in the latter part of the nineteenth century. As many states saw fit to break with free trade and protect their own industrial and agricultural production, the liberal policy on natural resources was also questioned. Within several raw material-exporting countries, economic nationalists spoke in favour of rent-capture policies that would secure a greater share of the profits generated by natural resource extraction. These policies included reserving valuable natural resources for domestically owned companies, or introducing export duties or other limitations, to capture downstream processing within the country's borders. Economic development was not the only issue at stake: policy makers also feared that foreign political dominance could follow in the wake of foreign investments in resource industries.

The third major force challenging a laissez-faire world order and attitude towards natural resources was the rise of democracy. As suffrage spread to the middle and lower strata of society, the justice of private individuals and companies reaping monopoly rents from natural resources, which were provided as much by providence as by human toil, came into question. For governments, retaining a share of profits from natural resources was not only a question of principle but also of practicality as public expenditure rose to provide an increasing level of welfare to its citizens. In the interwar years, economic liberalism was also challenged by the rise of fascist and communist governments in various parts of the world.

The rise of the interventionist state, resource nationalism, and democratization were all prevalent in the decolonization process in the decades after the Second World War. Millions of formerly colonized people gained new political rights. At the same time, newly independent resource-exporting states had to prove both their sovereignty and their viability. This meant that the existing political economy was increasingly challenged. As it had been for many resource-rich countries before them, the regulation of natural resources became a central political issue, and a vital feature of state building.

The rise of state power, resource nationalism, and democracy in raw material-dependent countries did not unfold in a vacuum but, rather, was played out against and shaped by the interests of the raw material consumers. Nor was this a stable relationship: it was determined both by the changes in the international political economy and by the fluctuating prices of raw materials. Several resource-importing states also at times introduced autarkic policies to substitute cheaper foreign-produced raw materials for domestic-produced ones, thus reducing demand for internationally traded raw materials.

The price fluctuations were often increased by Malthusian assumptions that natural resources were likely to increase in value as their extraction passed its "peak" level, only to have prices plummet when demand subsided or when supply proved to be more elastic than the market had anticipated. Technological change also played a key role in altering the value of natural resources as some key resources were rendered almost worthless while previously worthless resources became economically viable.

All these forces were decisive in shaping the regulatory institutions of natural resource-rich countries. While also altering the regulatory regimes within countries, the conflicts and deal-making over natural resources also helped to shape international law and the norms for what were considered legitimate actions on the part of governments of resource-rich countries. In the liberal and imperial era before the First World War, private concessions and/or ownership of natural resources were almost universally protected, and few governments attempted to force through renegotiations of concessions or the nationalization of resources.[4] However, following the nationalization of privately owned resources in the Soviet Union during the First World War, and in Mexico and Bolivia in the late 1930s, the decolonization process after the Second World War led to the passing of UN resolution 1803 in 1962, which established "permanent sovereignty over natural resources."[5] This controversial resolution gave all states the right to fully control all natural wealth on their territory, including the right to nationalize existing private operations, with "appropriate compensation in accordance with the rules in force in the State taking such measures."[6] Building on this principle, special rights over natural resources were not only extended to states but also, increasingly, to Indigenous peoples within states, culminating with the UN General Assembly passing the Declaration on the Rights of Indigenous Peoples in 2007.[7]

With a bird's-eye view of the development of natural resource regulations since the mid-nineteenth century, we can divide this history into four distinct periods. First, the era before the First World War was characterized by a liberal practice in most independent states as well as by a forced liberalism in the European empires. However, some independent resource-rich countries moved towards a more interventionist policy before the outbreak of the Great War. The second period, between the outbreak of the First World War and the end of the Second World War (1914–45), was characterized by increased resource nationalism in raw material-exporting countries as well as by a stark realization among resource-importing states that they were dependent on foreign supplies, which led to different degrees of autarky or imperial preference systems. The third period (c. 1945–c. 1980) was dominated by the great wave of decolonization and the subsequent nationalization and other rent-capture measures carried out by these new states in the natural resource sectors. Restrictions on international capital movements also reduced the flow of foreign direct investments into resource extraction.

After 1980, a more libertarian international regime developed. The commodity markets collapsed in the early 1980s and several developing countries experienced severe debt problems. As state-led policies lost much of their former political support, private and multinational companies gained more important roles in the raw materials industry. However, this reliberalization was fundamentally different from what occurred in the period before the First World War in that there was a broad consensus that high resource rents belonged to the host country and that taxation of natural resources was overall much higher than it had been in the first two periods. The first decade of the twenty-first century also saw a resurgence of resource nationalism, most notably in Venezuela, Argentina, and Bolivia.

Institutions and the "Resource Curse": Theories of Resource Regulation

The economic and societal impact of natural resources has long been a key issue in economics, especially since the birth of modern development economics. In the 1950s, mainstream development economists suggested that natural resource abundance in underdeveloped countries was a major boon as raw material-exporting states were better situated to overcome the shortage of capital required for economic development.[8] However, this position was heavily criticized, particularly by structuralist and Marxist economists. This critique formed the foundation of the so-called *dependencia* school, popularized in the 1960s and 1970s,[9] as well as the Canadian "staple trap" thesis and,[10] later, "world-systems theory."[11]

The main source of criticism was that raw material exports did not bring enough revenue, particularly in the long run, and that they did not induce the development of manufacturing. In other words, liberal structuralists, most prominently Albert O. Hirschman, suggested that the mainstream development theory's idea of raw material exports as a source of capital would be undermined if foreign companies were allowed to repatriate profits from raw material enclaves, creating few forward and backward linkages in the economy. Thus, a government needed to establish a system that captured rents from natural resources in order to increase the economic ripple effects of these industries.[12] The more radical structuralists claimed that increasing linkages was not enough to break dependency and, instead, favoured the complete nationalization of natural resource industries. Furthermore, Raúl Prebisch and Hans Singer famously formulated a hypothesis that the price of raw materials declined in relation to industrial goods in the long run and that raw material exports for world markets was an inferior path to economic development.[13] Thus, developing countries would be better off by attempting to industrialize through import-substitution. However, these ideas were not simply a product of the postwar era; rather, they resonated with concerns frequently voiced within independent raw material-exporting countries since the end of the nineteenth century.[14]

Despite the fact that many producer countries took a greater share of revenue from raw material exports, the economic performance of resource-abundant countries remained at best mixed. Some resource-rich countries (such as Canada, Australia, and Norway) can now be found among the most affluent, while other resource-rich countries have failed to build on their natural wealth and have remained poorer than their less resource-rich neighbours. Towards the latter quarter of the twentieth century, the theories that raw material exports were a poor strategy due to their low long-term return fell out of favour and were replaced by new theories that natural resources were actually a curse to development rather than a blessing. This debate on a "resource curse" was particularly invigorated by a highly influential econometric study by Jeffrey Sachs and Andrew Warner,[15] which showed that, between 1971 and 1989, countries with high raw material exports had overall experienced slower economic growth than had countries without these exports.[16] A common denominator of these new hypotheses of a resource curse was that the lack of resource rent flowing into the host economy was no longer the problem. On the contrary, instead of natural resources acting as a source of much needed capital, the large income stemming from them was blamed for causing "Dutch disease"[17] – irresponsible pro-cyclical government overspending and the bankrolling of inefficient import-substitution schemes. More dramatically, the existence of valuable resources and large resource rent income was claimed to increase political corruption, rent seeking, and the likelihood of political instability and armed conflict.[18]

While the existence of a resource curse is sometimes treated as an undisputed fact, some scholars question it, pointing both to historical examples and to alternative interpretations of data.[19] In recent years, a number of scholars have tempered the idea of an outright resource curse and instead adopted the idea that natural resource riches are a mixed blessing, the problems of which can be overcome if they are properly handled, and especially highlighting the importance to the quality of institutions within resource-rich states.[20]

Several scholars have, however, suggested that institutions within resource-rich countries were particularly corroded by resource nationalist policies.[21] In other words, interventionist policies meant to alleviate the "low-income" concerns of natural resource-dependent development might have helped fuel the resource curse. Several states that introduced rent-capture policies did so through nationalization or forced contract negotiations, thus sidelining liberal conceptions of property and contract rights – the very institutions often highlighted as prerequisites for sustained economic growth.[22] It has been suggested that the negative effects of this manifest themselves in several ways. First, the lack of respect for property rights in the natural resource sectors will lead to lack of respect for property rights in the rest of the economy, thus undermining effective checks on the executive.[23] Second, anticipation of future expropriation might lead extractive industries to increase their output of non-renewable resources in order to secure a return on their investments.[24] Third, expropriation or forced contract renegotiations may scare future investors away from the resource sector, possibly leaving the resource-rich state without the capital or knowledge necessary to utilize its resources in the most efficient way and thus, in the long run, leading to a decline in all sectors.[25]

How to strike a balance between property rights and resource nationalist and redistributive policies has been a recurring dilemma for resource-rich countries throughout modern history. The frequent swings between resource nationalism and investor friendly policies in raw material-exporting countries have led some analysts to describe it as an almost inevitably cyclical phenomenon.[26] By bringing the historical experiences of less successful regulatory regimes together with more successful ones, we explore how some resource-rich countries managed to combine stability and predictability in the resource sector with popular legitimacy. Ultimately, in order to be stable and successful, a regulatory regime needs to obtain legitimacy, which again is based on its ability to provide what the public thinks it ought to provide in terms of economic growth, employment, accountability, environmental protection, national control, and wealth redistribution.

The focus of our book is not on measuring the economic performance of regulatory regimes and institutions but, rather, on investigating their origins and transformation. Through a historical approach, we seek to bring forth the multitude of actors who moulded the various regulatory regimes and to examine how they handled political processes and pre-existing legal principles in order to shape the political economy of nations. In doing so, we are able not only to highlight new aspects of institutional development but also to paint a broader account of how the politics of natural resources have evolved in the modern world.

The Political Economy of Resource Regulation: A Global History, 1850–2015

This text is divided into three main parts: the first part explores the evolution of the domestic regulation of natural resources. Three chapters analyze the development in Australia, the Nordic countries, and Canada, respectively. All these countries were able to generate substantial economic growth and were among the world's most affluent countries in the early twentieth century. The chapters show that there were some notable differences between these countries with regard to how they managed their resource endowments, but they were generally able to find ways of exploiting their natural resources that fostered growth and benefitted large parts of their populations. The next three chapters discuss the regulatory policies in countries in which outcomes were more mixed. Venezuela, Colombia, Russia, and Brazil were less able to convert their resource endowments into lasting economic advantage. The explanations for this are highly context-specific, but they typically involve limited state capacity, regulatory capture, flawed policies, and/or a dependence on foreign markets and companies that was so strong that it thwarted effective domestic regulation.

The second part of the anthology examines the impact of imperialism on resource policy. These chapters investigate the resource policies in Nigeria and the Gold Coast, Iran and India, and New Caledonia. They all show that resource policies were potentially very contentious. Policy formation and outcomes were strikingly different, depending on metropolitan strategic and economic interests, local political cultures, and the level of resource rent.

The third part of the anthology charts the growing internationalization of resource regulation. This happened in a multitude of ways. The first three chapters in this section explore the League of Nations' attempts to establish an international framework for resource policies, the evolution of the Antarctic Treaties, and how international treaties influenced Norwegian legislation on Sami customary rights to natural resources. The last two chapters explore the internationalization of resource policy from a different perspective – namely, how resource-poor Japan and the EEC/EU have tried to limit the disadvantages caused by their import dependency and how they have endeavoured to influence the global political economy of natural resources.

Chapter 1, by Zdravka Brunkova and Martin Shanahan, explores the regulation of the goldfields in Australia during the gold rushes between 1850 and 1900. Initially, access to the goldfields was controlled by pastoral elites; however, faced with intense pressure from gold diggers, authorities developed more open and inclusive resource policies and embarked on democratic reforms. Brunkova and Shanahan state that democratic processes were an outcome of the gold rushes, not a precursor to them. Australia thus provides an intriguing antithesis to the old current in Western thought that idealizes pastoral harmony in contrast to the vices and social degradation that often follow in the wake of the discovery of gold.

In Chapter 2, Sanders, Sandvik, and Storli chart the development of resource regulation in the Nordic countries between 1890 and 1940. Natural resources played an important role in the Nordic economies. State regulation enjoyed high legitimacy, and the public had a strong belief in the benevolent potential of state intervention, probably more so than was the case in North America. While interest groups certainly tried to influence resource policies, there were few outright examples of regulatory capture. Sanders, Sandvik, and Storli identify four main objectives of Nordic resource policies: (1) domestic ownership of natural resources; (2) the establishment of regulations that would generate economic growth; (3) ensuring that natural resources benefited or would be accessible to large parts of the population; and, last but not least, (4) respect for private property rights.

In Chapter 3, Gendron and Sanders give a brief historical survey of another Western country whose economy has been and, to a large extent, still is dependent on natural resources. Throughout Canada's history, resource policies have always been a contentious issue, dominated by the recurring question of resource-rich states – namely, how the benefits and drawbacks of natural resources industries should best be shared. In Canada, these questions have been shaped by competing visions of how best to deal with the nation's role as a natural resource exporter to its powerful southern neighbour. Views on this have often differed between and among Canada's provinces and its federal government. In recent years, the most ambitious strains of Canadian resource nationalism have declined as the country has entered into new comprehensive multinational trade agreements. Yet past controversies have given way to new as both environmentalism and First Nations rights have become increasingly prominent in Canadian resource policy.

In Chapter 4, Marcelo Bucheli compares oil policies in Venezuela and Colombia. He links the development of oil policy and, more specifically, the distribution of rents to the political basis of the countries' governments. If the regime's survival depended on the loyalty of a small coalition, the rents were distributed as a private good among the members of that coalition. Conversely, regimes whose survival depended on large coalitions tended to distribute the oil rents as a public good. He also explains the decision to create national oil companies by referring to the strategies followed by a regime to ensure the loyalty of its supporting coalition. Regulatory capture was, in other words, not an unfortunate by-product but, rather, the main aim of the governments' resource policies.

In Chapter 5, Stephen Fortescue discusses Russia's petroleum policies in the Yeltsin and Putin eras. He charts the development from the privatization of the oil industries and the rise of the so-called oligarchs in the 1990s to the re-emergence of effective state control in the early 2000s. The government has tried to strike a balance between what can be called a small coalition- and a large coalition-strategy. Most of the oligarchs have been allowed to continue their operations, but the state has secured more of the resource rents. Fortescue analyzes the debates on how to alter the tax system in order to increase state revenue and to attract new investments. The latter has been especially important as most of Russia's production comes from mature fields. Fortescue maintains that the technocratic element in Russian decision making and resource management is stronger than is often acknowledged in the West.

In Chapter 6, Gail Triner describes how Brazil has moved from strong resource nationalism in the mid-twentieth century to a more open and market-based system. She focuses on the regulation of access and activities in the petroleum industry. The scope for international investments and ownership has increased significantly, but preferences for domestic and, especially, state ownership remain. Triner concludes that recent governance reforms have changed the actors and permissible actions without mitigating the deeply entrenched ambitions that originally governed the structure of the sector: energy security, sophisticated industrialization, national control of the industry, and public-sector financial gains.

The second part of the book explores the colonial/imperial legacies of resource policies. In Chapter 7, Jon Olav Hove and John Kwadwo Osei-Tutu analyze the concession policies in the colonial era in Nigeria and the Gold Coast. They show that colonial authorities sought to adapt the exploration policies to local socio-political and economic conditions. In the Gold Coast, the government was unwilling to revise existing regulations because of fears of local unrest. In Nigeria, the regulations were to some extent tailored to local interests, but the end result came to favour the interests of the oil companies. Hove and Osei-Tutu state that it is misleading to generalize about a monolithic colonial experience – something that is inherent in many accounts of imperial development policy. Whereas the British Empire may be seen as an imposing unit, the reality was that its component parts exercised large degrees of autonomy. This was also the case in the oil sector.

Regulation of oil was never a purely domestic issue. This general point is clearly demonstrated in Chapter 8 by Neveen Abdelrehim and Shraddha Verma in their discussion of oil policy in Iran and India in the first half of the twentieth century. The two countries were very differently situated with regard to oil: Iran was one of the largest producers in the world while India had limited oil resources. Politically, both were firmly placed within the British sphere of influence. In addition, in both countries the oil industry was dominated by British companies. In Iran an acrimonious conflict developed between the British-owned Anglo-Iranian Oil Company and the country's government, leading to nationalization, a coup, and reprivatization between 1951 and 1953. India avoided these violent ruptures: the post-independence government recognized that it had a weak negotiating hand and only cautiously sought to push foreign-owned oil companies to invest in refining capacity. The trajectories caused by oil and imperialism were thus very different in these two countries, as they were in Nigeria and the Gold Coast/Ghana.

Nickel is the key natural resource in French-ruled New Caledonia in the Southwest Pacific. Most of the nickel was originally controlled by a single French firm, the Société Le Nickel (SLN). In Chapter 9, Robin Gendron examines how the company's dominance and the question of foreign access became a burning political issue in the 1950s and 1960s. He states that many Caledonians viewed foreign investment as a potentially liberating force. It could help diversify and modernize the territory's economy, break SLN's power, and increase local self-government. Caledonians differed in this respect from the general pattern established after the Second World War, when peoples and governments in the Global South resisted the incursions of multinational companies into their national economies. Yet New Caledonia also differed from most other colonial territories and developing countries in that, instead of gaining regulatory powers, its degree of self-governance was actually reduced as France sought to maintain its grip on the archipelago's nickel reserves.

The third part of the book discusses the different ways in which resource regulation has been internationalized. In Chapter 10, Mats Ingulstad investigates the interwar attempts to develop an international regime for raw materials through the League of Nations. The League's efforts marked a new departure in international regulation. It embodied a new set of norms and rules for the behaviour of states in international relations, and it had an internationalized civil service to monitor and encourage developments. While the League ultimately proved unsuccessful in its attempts to solve the international raw materials problem, Ingulstad emphasizes that many of the ideas resurfaced in the postwar world in the UN system. The main difference between the League's and the UN's approaches to natural resources was related to the Third World. The UN system became the vehicle for a new and radical idea: the Principle of Permanent Sovereignty over Natural Resources. This principle, which was adopted by the UN in 1962, vested the regulatory power over natural resources in the territorial states that had the resources within their borders.

In Chapter 11, Bjørn Basberg charts the development of resource regulation in the Antarctic. The regulatory history of the Antarctic started with British attempts at regulating whaling before the First World War, followed by an international agreement under the auspices of the League of Nations in 1931 and the establishment of the International Whaling Commission in 1946. However, the regulations proved insufficient, failing to protect large stocks of whales from extermination. The international agreements, beginning with the Antarctic Treaty in 1959, are more successful examples of international regulation. A series of international treaties are now in force covering mining, fishing, bioprospecting, and other activities in the Antarctic.

In Chapter 12, Hanne Hagtvedt Vik examines the development of an international normative regime concerning the rights of Indigenous peoples and its impact on the Sami in Norway. She argues that internationalization was crucial to Norway's recognition of Sami collective rights to land and natural resources. Norway's Sami policies started to change in the 1940s and 1950s when human rights norms were being formulated on European and indeed global levels. In the 1980s, the UN and the International Labour Organization developed modern norms for the rights of Indigenous peoples. Vik documents that, since then, international norms have directly affected the negotiations over Sami rights to land and natural resources.

Chapter 13, on European raw materials diplomacy, investigates the internationalization of resource policy from a different angle – namely, from the perspective of import-dependent countries. Hans Otto Frøland and Mats Ingulstad show that, after 1945, there is a long history of collective European action to deal with challenges to the supply of natural resources, especially in times of scarcity and supply risks. They point out that, when the sun set on the European empires, a new set of relationships had to be forged with the Global South to keep the raw materials flowing. The Western European states embraced what they call resource intraregionalism through the formation of the European Coal and Steel Community, then entered a long phase of resource interregionalism embedded in the European Economic Community's relations with former colonies, before transitioning to a post-Uruguay strategy of resource multilateralism to ensure that European industries receive access to necessary input factors from around the world.

Japan has been even more dependent on imports of raw materials than Western Europe. It has therefore been a key Japanese aim to reduce the country's import dependency on vital raw materials and to increase its supply security. In Chapter 14, Takeo Kikkawa shows that Japan's policies include exploration for new resources, development of alternative sources of energy, conservation, stockpiling and foreign policy programs, as well as government support for Japanese investments in overseas resource industries. As in the case of the Western European countries, Japan's efforts have had both a domestic and an international impact. It has affected not just the demand for natural resources but also the development of the countries exporting raw materials.

The Conclusion draws on empirical case studies to highlight several of their most important lessons. It indicates where further research is needed.

Notes

1 Definition taken from OECD, "Glossary of Statistical Terms," at https://stats.oecd.org/glossary/detail.asp?ID=1740 (OECD website).

2 This concept of scarcity rent was first formulated in David Ricardo, *On the Principles of Political Economy and Taxation*, 3rd ed. (London: John Murray, 1821), at http://www.econlib.org/library/Ricardo/ricP.html (Library of Economics and Liberty website).

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