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DEBATE

Title:
Does political settlements analysis capture the unsettling politics of oil in Africa?

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SUMMARY
Analysis of political settlements has emerged from the shadows of New Institutionalism to the epicentre of political economy analysis across Africa. This debate takes on the framework by scrutinising its applicability to the politics of oil through the combined lens of critical political economy and contentious politics. It argues that contrary to the postulations of strategic elite bargains by political settlement researchers Africa’s oil landscape is marked by pluralistic politics and contestations at multiple scales.

INTRODUCTION

After some modest beginnings, analysis of political settlements has emerged in the past decade from the shadows of the New Institutional Economics School to the epicentre of political economy analysis in developing countries. Political settlements framework is particularly associated with the work of Mustaq Khan as a means of pushing political economists and development scholars to systematically analyse the underlying power arrangements that underpin variations in the emergence and performance of institutions (Kjær, 2015:230). Widely applied in the context of Sub-Saharan Africa, the framework has proven beneficial for unearthing some of the dynamics of power and coalitional bargains beneath the veil of technocratic reform and economic reform. In oil-rich states, where calls for revising the largely sceptical script about the prospect of resource-led transformation have been rife, political settlements has added an important nuance to the ‘black box’ of policy making and institutional outcomes in the sector. Despite its growing invocation, the insights emanating from the literature on political settlements have been generally narrow; focusing on the strategic choices of dominant elites, while insisting that broader political economy of reform in developing countries is characterised by pervasive
competitive clientelism. Consequently, analysts who often deploy the framework have invited us to strip normative questions, such as the influence of political regimes, from the realm of developmental politics, to embrace a more ‘pragmatic’ and ‘smarter’ approach focusing on the socio-political and economic orders that can sustain socially beneficial incremental changes (Booth & Unsworth, 2014; Khan, 2010). In limited instances when a discernable perspective on regime dynamics has emerged, these analysts have cast competitive politics as barriers that inhibit the development of a growth coalition and policy sustenance (see Mohan et. al., 2017; Twijnstra, 2015).

This debate takes on the political settlement framework and scrutinises its applicability to the politics of oil in Africa. It builds on the critique emerging from some of the leading proponents about the failure of the framework to incorporate ideas, norms and the multi-scaler dynamics of global and local processes of resource governance (Bebbington et al., 2018; Hickey & Izama, 2016). Instead of an arena where socio-economic orders are deemed as the outcomes of strategic bargains by elites who wield the balance of power, the argument here contends that Africa’s oil landscape is marked by contentious politics and democratic pluralism. This position has two main implications for the applicability of the framework on the political economy of oil: Firstly, instead of analytically chasing an elusive political settlement where instrumental power tends to hold sway, we should pay more attention to how democratic politics and institutional reforms in oil-rich countries permit inclusivity, deliberation and the proliferation of innovative ideas in the management and use of oil resources. Secondly, contrary to the received notion handed to us by the political settlements literature, the regimes of accumulation and regulation associated with oil tend to be less amenable to the strict dichotomy between formal and informal orders within developing countries (Watts, 2004; Rogers).

The rest of the debate develops this critique by mapping out the conceptual undercurrents of the framework and scrutinises its dialectic with the contentious and material politics of oil. While this piece does not review the fast-growing political settlements literature, it focuses on its critical components that are relevant to this debate. Contentious politics, as conceived here, relates to the diversity of conflicts and disputations that shape the outcomes of institutions and policies (Leitner et al., 2008; Slater, 2010). This conception departs from the generalized usage among scholars who visualise contentious politics in terms of what Tarrow and Tilly (2007) have designated as ‘episodic occurrences’ that exclude scheduled events such as elections, voting and associational meetings. Instead, the debate foregrounds contentious politics on the normative goal of judging institutions that underpin economic growth based on how they recognize plurality, divergence and incommensurability in values among different actors (cf. Schlosberg, 2006:144).

**Khan’s Political Settlement**

Although various academic works have been devoted to the analysis of political settlement, its application tends to be obfuscating (Moore, 2012). While some analysts present political settlement as the synonym for the ‘political economy approach’ (Twijnstra, 2015:685), others consider it as an idiom for the conglomeration of informal institutions, norms and networks (Hassan & Prichard, 2016:1704), or the series of tacit and explicit agreements among elites (Pospisil & Rocha Menocal, 2017). Also, as demonstrated by the ongoing debate between Mushtaq
Khan, who is credited with originally formulating the political settlements framework, and Tim Kelsall, one of its most influential Africanist gatekeepers, there is a debate as to whether political settlements should be viewed either through the narrow prism of consciously-created pacts by powerful players over how to peacefully share economic rents, or rather the post-facto social order that emanates from interactions between groups (Khan 2018). Notwithstanding these differences, what unites the interest in political settlements is the quest to locate the fulcrum of power around which the complex trajectories of development and policy choices are negotiated, formulated, and implemented. Hence, while acknowledging its variants (see Gray, 2019), the conception of political settlement in this debate draws largely from the formulations offered by Mushtaq Khan.

Among its overriding interests, analysis of political settlements is motivated by the age-old question of what accounts for variations in institutions and economic growth between countries. Khan’s response is that socio-political systems tend to converge around an equilibrium between the distributions and benefits attached to specific institutions, and the distribution of power across affected organisations (Khan, 2017:10). Hence, differences in institutional performance and economic growth proximate disparities in political settlement, defined as the ‘combination of power and institutions that is mutually compatible and sustainable in terms of economic and political viability’ (Khan, 2010:4). The central thrust of the political settlements framework is, therefore, premised on the idea of compatibility and sustainability of power. Power is conceived here in more instrumental terms as ‘holding power,’ i.e., the extent to which an individual or group can engage and survive in conflicts through the capability to impose costs on others, and absorb costs (Khan, 2010:6). According to Khan, to nurture and maintain holding power, such individuals and organisations must possess a mix of resources, foremost amongst them, economic capability and the capacity to ‘mobilise and enthuse, and their skill in identifying and rewarding the right people through formal and informal networks’ (ibid.:10). He suggests that the extent to which distribution of power leads to varied institutional outcomes is premised on how compatible different formal institutions and actors are with various sources of holding power. To make sense of how this compatibility of power leads to a ‘political settlement,’ Khan introduced a temporal horizon by suggesting that organisational power becomes political settlement, only if it reproduces itself over time. The key success factors that ensure the viability of any political settlement over time are based on its effects on economic performance and political stability.

To understand developmental trajectories, the political settlements framework invites us to probe the primary structure and multiple strategies that define and sustain the interactions between the ‘ruling coalition’ – factions that control political authority and state power – and the various actors who form part of the excluded and lower-level factions. These interactions are structured both horizontally and vertically. Vertical distribution of power refers to ‘the relative power of higher factions compared to the lower factions within the ruling coalition,’ while horizontal distribution relates to the power of excluded factions, relative to the ruling faction’ (Khan, 2010). The framework predicts that if the excluded factions are weak or fragmented, the ruling coalition is likely to act in line with a longer time horizon, but if excluded coalitions are strong, the ruling coalition may act to secure its short-term survival (Behuria et. al., 2017). Conversely, if the relative power of higher factions over lower factions are greater, the stronger the ruling coalition’s power over lower factions (ibid.). It follows from this premise that development outcomes are likely to emerge from a stable ‘developmental coalition,’ exercising leverage against less resistance or organisational capacity of lower factions to act in a longer time horizon.
To buttress the postulations of the political settlements framework more empirically, Khan contrasted ‘capitalist political settlements’ which he viewed as existent in Western societies, where holding power aligns with formal rights and institutions, with societies where ‘clientelistic political settlements’ prevail in the shape of misalignment between sources of holding power and formal institutions (Khan, 2010). He observed that developing countries are marked by clientelistic political settlements given that more powerful organisations are informally organised based on patron-client networks. Hence, any tendency towards an ‘equilibrium’ involves either an adaptation of formal rules or informal violations of formal rules to capture benefits informally (ibid). Here, Khan insists, that the most powerful organisations, such as firms and political parties, tend to ally with clientelistic politicians to capture rents in ways that constrain broad-based economic growth.

Among its far-reaching consequences, Khan’s political settlements framework maintain that rather than the interest in how best to transport successful models of reform, as advanced by leading political economy discussions in the 1990s around the ‘developmental state idea,’ debates around reform in Africa and elsewhere must grapple with the question of what makes any institution or agreement enforceable or whether commitments to adhere to them are credible (see Khan, 2010). Similarly, rather than pre-defined technocratic models of institutional reform, as contained in policy discourses around ‘good governance,’ the framework maintains that because informal rules and practices often modify and obstruct formal institutions, there is a need for an alternative approach that is both ‘growth-enhancing’ and ‘politically smart’ in terms of adding more flexibility to formal organisations to align with the overall political settlement at any given time (Khan, 2008; 2012). Furthermore, as demonstrated by Khan’s observation elsewhere about the limits of democratic regimes in prompting political mobilisations and contestations around patron-client relationship (Khan, 2005), ideas, norms, and regime dynamics were not prominent features of the political settlement framework.

CHASING ILLUSION

The ideas embedded in the political settlements framework have inspired renewed interests in policy networks, institutional complexity and comparative political economy. Whereas differences exist, especially in terms of normative judgements over the ‘developmental’ or ‘predatory’ effects of various ruling coalitions, the overall narrative emanating from the political settlements literature reinforces Khan’s earlier observation that developing countries are marked by clientelistic political settlements that facilitate or constrain growth or enforcement of institutions.

Some of the notable omissions can be gleaned from the emerging critiques that extend the political settlements framework. For instance, Hickey & Izama (2016) have underscored how globalisation and ideas shape the dynamics of the ruling coalition and their ensuing political settlements in different societies. Bebbington et. al. (2018) have also added spatiality and the lens of scale to ground political settlements on local and national political economy dynamics. Whereas
these criticisms are no doubt compelling, they tend to take political settlement as given, preferring to turn the focal point of political economy analysis towards the choices made by dominant elites and how they impinge on policy trajectories. However, the limitations of the political settlements do not necessarily emanate from missing items on the menu of its propositions, but rather some notable misrepresentations.

Within the overall context of African developmental politics, the narrative emerging from the political settlements literature flips the Weberian ideal-typical conception of rationality across various developing countries and subsumes historical specificities under what Wai (2012) considers as ‘the totalitarian grip of Eurocentric unilinear evolutionist logic.’ Like the ‘neo-patrimonialist’ lens, it portrays the development and policy terrain across the continent as one riddled by prevailing informality and clientelistic politics, although leaving room for the possibility of benign developmental outcomes that are led by powerful elites with a long-term policy horizon. In various countries across the region, where such postulations have received considerable attention, development is framed in terms of how politics, envisaged as the exclusive domain of those who hold the balance of power, could move a society from ‘primitive accumulation’ towards getting ‘capitalism started’ irrespective of the regime structures (Booth & Golooba-Mutebi, 2012).

Consequently, political settlements analysis frames the political economy and informal aspects of development as sites for the deployment of instrumental power by socio-economic and political elites, rather than the places for the iteration of norms, deliberation and contestation. Also, by privileging social orders emanating from power arrangements, along with the drift away from regime-dynamics, the framework ignores the nuance of pluralistic politics and other engagements that fall under the panoply of what Pollitt and Bouckae (1999:6) designated as ‘intermediate ends.’ A deeper scrutiny of such intermediate ends, which include effective leadership, bureaucratic flexibility, governmental accountability either to the legislature or the citizenry, and dynamic deliberations, render the goal of locating social order not only elusive, but also pointless in coming to terms with interactions that are motivated by considerations other than the need to access rents or power. Notably, through different ‘interactive’ models, we have learnt that in addition to elites who are either within or outside the ruling coalition, spontaneous acts by groups such as indigenous activists who halt the enforcement of mining contracts or the quotidian reflexes and autonomous calculations of ‘street-level bureaucrats’ accord significant leverage to less powerful actors within the policy terrain (Lipsky, 2010). These complex policy processes may not necessarily align to shape policy trajectory in the ways outlined by the political settlements framework. Nonetheless, they represent legitimate openings for the emergence and coexistence of multiple imaginaries and norms that remain crucial elements of the underlying political economy of oil.

THE CONTENTIOUS LANDSCAPE OF OIL GOVERNANCE IN AFRICA.

In the context of Africa’s oil industry, the insights emanating from the political settlements literature share some affinity with perspectives around the ‘petro-state’ in leading the charge away from regime-centric analysis towards a more concrete account of how various actors and political incentives shape policy outcomes in oil-rich countries (Oppong, 2018).
Instead of confining the dynamic of policy making to passive elite responses against the
generic effects of the so-called ‘resource curse’ and the vagaries of rentier politics, however,
analysts who use the framework often assign a more active agency to the coalitions that undergird
elite processes in oil-rich countries. Here, various analysts have addressed the oil question with a
sense of optimism around the imbroglio of power distribution from which dominant ruling
collections set and enforce a long-term policy horizon for the governance of oil. Within this broader
analytic, countries such as Ghana that are dominated by what is often designated as ‘competitive’
and ‘clientelistic’ political settlements are singled out for the propensity of their ruling elites to
adopt short-term and sub-optimal policy choices as part of a grand strategy to win elections
(Ayanoore, 2017; Mohan et al., 2017b). In Nigeria, as Usman (2020) asserts, despite posting
episodic changes towards economic growth and diversification away from oil revenues, the
competitive pressures on the country’s political settlement constitute inertia for reform and
stagnation of the oil sector. On the flip side, those countries characterised by dominant political
settlements tend to be associated with the capacity to set and enforce a long-term policy horizon
for effective governance of oil. In the case of Uganda, for instance, this presumably growth-
oriented coalition is led by President Yoweri Museveni and the ruling National Resistance
Movement and has managed to protect the country’s national interest during negotiations with
international oil companies (Hickey et al., 2015). In Angola, as asserted by Croseese (2017), this
dominant coalition took the form of ‘developmental patrimonialism’ encircled around the
immediate-past President, José Eduardo dos Santos, which delivered political stability and
economic growth.

Notable developments associated with the trajectories of oil, and other high value
commodities, underscore the salience that political settlements analysts attach to elite
instrumentalization in driving institutional and policy reforms across the region. Recent examples
range from the ill-fated Chad-Cameroon Pipeline Agreement, through the strategic networks of
political contacts who underpin business development and legislative reform in Ghana (Ablo &
Overà, 2015; Oppong, 2016), to the conspicuous presence of different brokers of peace and
violence in South Sudan (LeBillon & Savage 2016). Political settlements analysis has driven this
buoyant interest in elite dynamics in oil-rich societies. What the account understates is how such
elite dynamics enmesh within the broader political economy of what Appel, Mason and Watts
(2015) conceive as the ‘guts’ of the oil industry (Oppong & Andrews, 2020). Also missing is an
interrogation of how the contentious landscape of governance animate the material politics of oil
at multiple scales.

Among the notable peculiarities that define the guts of the oil industry in Africa, and
elsewhere, is a complex web of globalized and localized mechanisms of demand and supply, as
well as bureaucratic and institutionalized processes that are continuously negotiated at multiple
scales.1 In addition to the commercial and bureaucratic interests that dot along this complex
production chain, the materiality is webbed by high stakes over collective ownership and social

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1 A common classification of the oil industry is the distinction between upstream (exploration
and production), mid-stream (transport, storage, and wholesale marketing) and downstream
(refining, processing, purifying and marketing) operations. It is not clear how analysis of
political settlements treats these categories as most studies emanating from the framework rarely
reflect on them.
interests that often provoke distributional contentions over issues such as boundary delimitation, local representation, and investment decisions (Omeje, 2008). Given the constraints to commodity-led transformation, including effects of ‘boom-and-bust’ cycles and ‘Dutch Disease’ as advanced by the ‘resource curse’ literature (Sachs & Warner, 2001), the expectations raised by the stakes that various actors attach to oil are hardly met in ways that are considered by all as just (Oppong, 2018). In contexts that are marked by democratic pluralism, unmet social expectations and the increasing role of commercial actors, especially multinational firms, plunge the state into a more precarious condition that can be legitimately resolved largely through open-ended coexistence. Alternative accounts that are foregrounded on the materiality of oil, i.e. the different ways in which the material qualities of oil enter into and shift broader regimes in times and places (Rogers, 2012:285), offer a more plausible route towards uncovering the ways in which the industry invites and constrain various kinds of politics and institutions.

Ranking among these alternative frameworks is a wealth of literature detailing the contours of ‘oil complex’ and globalized assemblages that emphasize constitutive dynamics of heterogenous social orders and transnational actors that coexist to shape the oil industry across space and time (Schritt, 2016, Appel et. al. 2015). Various events have dramatized this largely heterogenous and interactive landscape of Africa’s oil governance more forcefully. From the overt NATO-led military intervention in Libya (Martinez, 2014), through bilateral government engagements that continue to secure the presence of multinational oil companies (like the Ghanaian government’s failed attempt to take over the shares of Kosmos Energy in 2009 [US Embassy-Ghana, 2010]), to the subtle deployment of the instruments of global finance and norm diffusion, powerful governments, donors and major NGOs continue to exert significant influence on the industry. Across this largely confounding arena of globalised networks also lies the surreptitious intrusion of transnational and localised criminal networks and elusive sites of tax havens which, as poignantly observed by Shaxson (2011), disrupt or facilitate production networks and condition the scope of distributional outcomes from oil extraction. In other cases, such as the uranium institutional arrangements which revolved around a French controlling interest through Areva and the government of Niger (Schritt, 2016), elaborate entanglements between the domestic and foreign interests underpin this governance complex.

Whereas the evolving landscape proximate what Carmody (2009) has characterised as the broader matrix of ‘cruciform’ sovereignty that prescribes the set of the actions meant to sustain unequal North-South relations around the extraction of resources, other examples have highlighted the agency of various domestic actors in steering the industry. In the case of South Sudan’s failed ‘oil-for-peace’ venture, for instance, accounts by Le Billon and Savage (2016) underscore the crucial role of elites in Juba and Khartoum, as well as the ‘class of obliged intermediaries’ that emerged from new pattern of elite formation based on access to oil resources. Besides, different observations about the role of oil companies such as Sparks’ (2016) account of the endurance of the ‘Oil from Coal’ project by Sasol, along with various studies on state-owned oil companies, point to the leverage retained by various managers and technocrats to sustain continuities and disruptions in the sector. These heterogenous entanglements that often lock in the governance processes of oil is best captured by de Montclos’ (2014:414) characterisation of the vested interests that have held back the promulgation of Nigeria’s Petroleum Industry Bill for over seventeen years;
‘The resistance to the reform comes from a variety of sources: Northerners because of Community Funds; the transnational corporations because of the new fiscal regime; nationalists because of the dismantling of the NNPC; unions because of the transfer of public personnel to commercial entities without equivalent salary and retirement packages, etc. Even in the Niger Delta, activists and ecologists have criticised a bill that does not meet their demands in terms of land ownership and environmental protection.’

Although various analysts of political settlements, including Khan (2018), tend to acknowledge the interactive nature of oil governance, their insistence on the need for alignment with actors who wield the balance of power largely ignores the constitutive nature of such interactions. By insisting on the need for a cumulating centre of power, this position does not only understate what other African scholars have observed as the possibility of ‘multiple publics’ (Mustapha, 2013) that coexist to shape the deliberative arena of politics, but also the legitimacy of competing logics of reform from the local to global arena. As outlined by Schilling et. al.’s (2018) account of local and globalised linkages of oil in Kenya’s Turkana region, this contentious landscape is characterised by coexisting and overlapping political communities at various levels. While this depiction holds true for all oil-rich societies where the territorial bounds of decision making must be set and negotiated (Riofrancos, 2017:678), it is accentuated in places dominated by pluralistic politics. Acknowledging the contentious nature of these multi-scalar boundaries offers much clearer picture of the dilemmas posed by competing imaginaries and interests of the oil industry among different actors. An alternative construct recognising the vagaries of this ‘oil complex’ offers more leverage for a thicker description of the networks that cluster around the industry and the social embeddedness of its structures that tend to be situationally specific, socially constructed and locally integrated (Jasanoff & Kim, 2009).

Conclusion

A grand coalition of domestic and foreign actors and incentive mechanisms have recently come to characterise the material politics of oil across various Sub-Saharan African countries, highlighting the industry’s embedded linkages with social and political processes. The intervention of political settlements framework has underscored the importance of setting the focal point of analysis on the reflexes of those who wield the balance of power together with the mis(alignments) between formal and informal social orders that shape clientelistic politics in various oil-rich countries. However, the critique offered in this debate has underscored the limits of this reading of Africa’s oil industry by highlighting its failure to clarify the tools by which we could assess the continuities and disruptions that tend to characterise the trajectories and incentive patterns of oil governance. Rather than confounding the complex materiality of oil to the structural constraints of political settlements, the overall argument calls for a closer scrutiny of the interactive and contentious dynamics that characterise the political economy of oil at multiple scales. Among its implications, this position underscores the balance that needs to be struck between elite dynamics, participatory politics, and the materiality governing the oil landscape across various countries. Also, instead of dismissing democratic politics for the constraints its imposes on the sustenance of an overarching political settlement that could sustain institutional longevity, some attention to the value of coexisting heterogenous actors and incentives in legitimising and expanding the policy landscape would add a more refreshing political economy take to the oil question across the continent.
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