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PHRONESIS AND RESOURCE CURSE HYPOTHESIS IN POST-INDEPENDENT SIERRA LEONE

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Abstract
This study was undertaken with a view of presenting a balanced critical discourse on the concept of Phronesis as applied in the political economy of Sierra Leone. The country is renowned for being endowed with the abundance of non(renewable) natural resources, while at the same time for poor management of resources which has given rise to its classification under the brand name of ‘resource curse or Dutch disease’. Based on critical phenomenological discourses of scholarly literature and the analytical hermeneutics of secondary data collected, evidence to some extent have pointed to the fact that both colonial and post-independence governance contributed immensely to the resource curse syndrome in Sierra Leone; a situation where poor management of natural resources has been a disaster, rather than a blessing in the country’s sustained pathway of development. The paper thus conclude that Sierra Leone, is capable of recovering from the alleged symptom of ‘resource curse/Dutch disease’, but only in a situation where the rule of law is effectively applied with perpetrators of unethical acts leading to the exploitation of natural (non) renewable resources are (severely) punished to deter future cases of unethical practices.

Key Words: Phronesis, Paradox of Plenty, Political Economy, Resource Curse, Sierra Leone

JEL Classification: F50, N57, P16, P48, Q32, Q34, Q38

Introduction
Phronesis and resource curse theory though different in their disciplinary interpretations, however, they are both considered very important when it comes to addressing the state of economic development, particularly for economies endowed with natural resources. Historically, Sierra Leone has enjoyed the benefit of being a nation rich with the abundance of natural resources (both mineral extracts and forest reserves), but very little has emerged when it comes to real sector investment in the transformation of living standard for the entire population.

The situation of the resource curse syndrome is still prevalent in Sierra Leone, as exhibited in the forest and mineral resource sectors, with almost a complete collapse of the Western Area Peninsula Forest Reserve (WAPFoR); a masterminded act of selfishness perpetrated by individuals, more so officials at the Ministry of Lands, whose virtuousness have been blinded by their inherent selfish action to ruin the country’s natural wealth (Jackson, 2015a; 2015b; 2015c). Poor administration and governance in terms of contention as to which Ministry (Ministry of Lands or Ministry of Agriculture, Forestry and Food Security [MAFFSI]) is responsible for taking action on land encroachment and the abuse of the natural renewable resource environment is a contributing factor to the constant labelling of the resource curse hypothesis on the country as a whole.

There have been different perspectives offered in explaining the causal mechanism of resource curse hypothesis and according to Rosser (2006), this is broadly grouped into seven categories:
"(i) economistic perspectives that emphasise economic mechanisms; (ii) behaviouralist perspectives that emphasise emotional or irrational behaviour on the part of political actors; (iii) rational actor perspectives that emphasise self-interested behaviour on the part of political actors; (iv) state-centered perspectives that emphasise the nature of the state; (v) social capital perspectives that emphasise the degree of social cohesion in countries; (vi) structuralist perspectives that emphasise the role of social groups or socio-economic structure; and (vii) radical perspectives that emphasise the role of foreign actors and structures of power at the global level".

Each of the above can be further exemplified as a way of subscribing to the idea of the proposed hypothesis acclaimed by western researchers on developing nations in particular; in some cases, such proposition can be justifiably perceived as true, given the economic state of shambles in Sierra Leone, and for which a slight change in global price of some of its naturally endowed non(renewable) has proven to support the doctrine of the ‘resource curse hypothesis’/ ‘Dutch disease’, with an apparent down-turn in the country's potential to generate sufficient revenues from the sales of its resources, as witnessed in the case of a fall in Gross Domestic Product (GDP) from trades on essential commodities like iron ore towards the end of 2013, and which is even affecting present day society (Jackson, 2015a and Trade Economics, n.d).

Arguments from eminent scholars (e.g. McGregor, 1942; Cole, 1968; Leach and Fairhead, 2000 and Munro, 2008) within the forest renewable sector for example, have argued their points around the hegemonic dominance of colonialism, which witnessed a divide of the country into what is typically classified as the 'Colony and the Protectorate', which made it quite easy for colonialists to mastermind their acts of supremacy through legislations that favours their dominance on how dealings with forest timber trade were decided in the colony, while the protectorate was mainly utilised selfishly for its rich non-renewables like diamonds, to support the assertion of resource curse/Dutch disease.

In 1988, official diamond exports accounted for $22,000 million, as opposed to $250 million illicit exportation (Ross, 2003: 12). As already addressed by Rosser (2006) and Ross (1999), a weak political economy structure is to be blamed, for example, high level of dependence by successive governments on naturally extracted mineral for its GDP, and the sporadic fluctuations in world market prices, while at the same time, corruption through illicit exportation was on the upsurge. The uncontrollable influence of government in mineral rich resourced locations, particularly around the protectorate, also meant that revenue generated to fund essential services was a struggle in the 1980s (due to global hike in oil price), thereby giving rise to a fall in commodity prices of the country's precious minerals like diamonds and iron ore. This cycle of economic decline was continuously felt with a squeeze in GDP revenue from 14.5 per cent to 3.9 percent, in the period 1975-1990.

Drawing from the above, this paper is aimed at exploring some of the root causes of Sierra Leone's current economic problems in relation to the application of the ethical praxis of Phronesis, which addresses virtuous actions on the basis of practical intelligence on good governance. The methodological inquiry of investigation is based on critical phenomenological discourses of scholarly literature and the analytical hermeneutics of secondary data collected (Jackson, 2016a; 2016b).

**The Concept of Phronesis and Resource Curse**

**Meaning of Phronesis**

As observed by Engberg-Pedersen, (1983), Eikeland, (2006), Jackson, (2016a; 2016b), phronesis is a philosophical concept that addresses virtuous actions of human beings. In the context of this study, it is thought to be linked with the concept of political economy, which is grounded on how (virtuous) decisions are made about the judicious (economic) use of a country’s resources for the good of all. Resource allocation
from a country's wealth is normally a decision of politics, and in the case with developing countries in Africa for example, the influence of power struggle is making it difficult for virtuousness to predominate, and for which the manifestation of (unethical) selfish gains is set as high priority, with the likelihood that resources may unlikely be judiciously utilised to serve the nation, and instead, diverted into the hands of unscrupulous people (Rosser, 2006).

Phronesis is akin to virtue ethics, developed by its founding fathers, Plato and Aristotle; a form of Greek moral philosophy centred on the actor performing an action, and not the action itself (Hursthouse, 2008, Lian, 2009). The concept as translated by Gadamer from the Greek term 'Praktisches Wissen', denote practical wisdom, a title he gave to one of his scholarly books written in 1930, which was later developed into his doctoral thesis (see, Dottori, 2009: 301).

Meaning of Resource Curse

Resource curse is epitomised as a political economy concept, which is not strange to the plight of developing nations endowed with vast amount of natural resources (both renewable and non-renewable). Synonymous to resource curse is the concept of ‘paradox of plenty'; this imply that countries with abundance of natural resources, specifically non/renewables like Iron Ore and fuels, tend to have less growth, less democracy and worse development outcomes than countries with fewer natural resources (Sachs & Warner, 2001)\(^1\). It is a hypothetical statement that seem to make rational sense, and also substantiated through studies conducted by scholars like, Gelb (1988), Aty (1990), Sachs and Warner (1995, 1999 and 2001), and Gylfason, et al. (1999). The concept is also akin to 'Dutch disease' (coined in 1977 by Economist, and also addressed by scholars , such as, Van Wijnbergen, 1984; Ebrahim-Zadeh, 2003; Neumayer, 2004; CEPA, 2010; Venables, 2016), implying an apparent causal relationship between the increase in development of a specific sector (for example, natural resources) and the decline in other sectors, for example, manufacturing and agriculture.

Hermeneutically interpreted in the context of the resource curse theory, the application of virtuous wisdom (Phronesis) enables conscience to dictate the obvious action of allowing a country's resources to be utilised wisely for the enhancement of society's welfare/well-being; a form of ethical manifestation that distinguish between the episteme of knowing and the techne, that is, the knowledge of knowing how things are done. It is a form of practical knowledge expressed by Gadamer as the knowledge of oti (see, Dottori, 2009: 309).

Analytical Discourse: Economic Rationality of Resource Curse Hypothesis and the Sierra Leonean Political Economy

In explaining works around the idea of resource curse hypothesis, it is worth taking a look at Sierra Leone's political economy structure, more so historically, from pre-independence to post-independence periods. The colony with its present name (Freetown) was established by an English humanist, Granville Sharp, with the sole aim of “repatriating” former slaves, comprising of multi-ethnic and multi-linguistic groups of people, and which later resulted in a new set of ethnic community in the capital city, now popularly known as the Krios (July, 1970 and OECD, 2010).

Based on excerpt from Jackson (2016a; 2016b), the political economy structure is organised as stated thus:

"Sierra Leone as a nation consists of 149 constituent chiefdoms established in 1886 under the premiership of Governor Cardew who empowered a set of ‘Paramount Chief\(^1\) as the

\(^1\) According to Reed and Robinson (2013) only individuals from the designated “ruling families” of a chieftaincy, the aristocracy created and given exclusive right to rule by the British at the initiation of the system in 1896, are eligible to become Paramount Chiefs.
sole authority of local government in the newly created Sierra Leone Protectorate, which is
the colony of ‘Freetown’ - the chieftaincy system, the only recognised system of
governance until 2004 when the World Bank donated funds resulted in the establishment
of a local council systems (Reed & Robinson, 2013: 2). Prior to independence in 1961,
the colony of Freetown was governed by elected local government under the British legal
system, while the rest of the country (registered as Protectorate) continued to be
governed under the chieftaincy system of governance (OECD, 2010). The legacy of the
divided country (Protectorate and the newly created Colony of Freetown) is still
resonating in the entire structure of governance; which created a heightened level of
ethnic tension and now an untamable level of corruption demonstrated across the
country”.

“The first election for an administrative governance in the entire country was held in
1962, which also left the country divided on ethnic grounds, with series of coup plots (all
in the late 1960s to 1980s) during the authoritarian premiership of the 'All Peoples
Congress (APC)²' headed by the late Dr. Siaka P. Stevens, and later in the 1980s with
the transfer of power to the late Brigadier Joseph Saidu Momoh (OECD, 2010), and
based on similar works cited from Truth and Reconciliation Commission, (2004) and
Suma, (2009), the emergence of the National Provisional Ruling Council (NPRC) forced
their way into governance during the heightened point of the brutal ravage of the
country’s economic fabrics by the insurgency group, the Revolutionary United Front
(RUF) which then finally spearheaded the transition to a properly elected system of
democratic governance after a legacy of brutalised tenure experienced by people in the
country”.

Whether based on the (un)ethical phronetic praxis of liberating the long economic and marginalised
sufferings of people at the time of the insurgency (under the premiership of the late Dr. Joseph Saidu
Momoh), the lengthy and brutal fighting was viewed as irrational and senseless. In fact, it was seen by some
researchers, such as, Doyle and Sambanis, (2000), Reynal-Querol, (2002) and Ballantine, (2003) as tied with
the perverse tendency of the human race to exhibit unethical selfish gains by inflicting suffering on
generations, and for which such legacy is still prevalent in the rebuilding of a collapsed state (economic,
social and cultural).

The prevailing political economic structure in Sierra Leone when linked to resource curse (with copious
evidence of data, and backed by the economic/social reality of life in the country) point towards a justifiable
state of the so-called resource curse hypothesis (Jackson, 2016a; Trade Economics, n.d).The so-called
resource curse hypothesis phrase has proved to be a ‘farce’³ when applied to rich mineral resourced
countries, such as, Norway, Taiwan, Singapore, Hong Kong and Botswana, given their efforts in controlling
the massive abuse of the nations’ (non)renewable reserves from the hands of unscrupulous and unethical

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² During the tenure of the one-party ruling system (within the 1960s and the 1980s), the country experienced high level
of problems that resulted in exploitation of the country’s environmental reserve. Between 1990 and 2000, the economy
also contracted at an average annual rate of 4.5 per cent, with a two-fold increase in population growth to nearly 6
million (UNEP, 2010: 11).

³ This is a form of theatrical expression to insight fear and then stigmatise poor nations around Africa in particular about
the coined phrase of ‘Resource Curse/Dutch Disease’.
Study by Wilson (2013: 997) ascertains the reality of the resource curse syndrome in Sierra Leone due to the existence of 'patrimonial politics' the country experienced during the period 1968-1992. In furtherance, Trading Economics (n.d) provided an outline of the economic reality of Sierra Leone in terms of her (GDP) output from 2006 to 2016. Given the country's stance in recovering from the experience of a bitter and bloody civil war (1991 - 2001), post-war era data up to 2014 revealed some signs of economic recovery, and particularly so from the resource curse syndrome, which is attributed to the inefficient utilisation of natural resource(s) for the good of all in maintaining sustained growth. As evidenced in Fig. 1, post-war governance in the mining sector, for example, witnessed gradual improvements until 2014 with a sharp decline of 4.2 per cent in GDP (a 16.1 per cent fall overall from 2013).

Drazen (2000) developed the view that the resource curse syndrome name was given because of the injudicious use to which resources are utilised in Sierra Leone. Jones (2014) in his case provided proof of the situation of resource curse in Sierra Leone as a result of debt-overhang in the economy. The situation as it stands with the country is disappointing, and with very little progress made so far in terms of investment in key sectors of the economy.

Austerity measures introduced during the latter part of 2016 (October) was also indicative of the country’s poor performance through lack of investment in the real sector, but more so as a result of the myopic view of policy makers in ensuring proceeds from export commodities are judiciously utilised to facilitate economic growth. Despite progress made from export earnings ($2.2billion) around the period 2014, resulting from increased earnings in mineral exports (e.g. iron ore), the country is still forecasted as being prone to lagged economic progress due to its heavy reliance on commodity export. With the weakening situation experienced in the commodity market, the country’s hope of economic progress is forecasted to be hanging on financial inflow from international donors (BTI, 2016).

Critical hermeneutic discourse confirmed that, the period from 2014 to late 2016 subscribed to the assertion of the resource curse syndrome. In the first place, decline of iron ore price in the global market clearly manifest the country’s inadequacy in utilising revenues generated from the sale of (non)renewable minerals into productive ventures (for example, investment in intermediary industries) that would have helped in the curtailment of the country's high dependence and vulnerability to global shocks. Gadamer's hermeneutic philosophy of humane virtues is certainly applicable here as the uncontrolled lack of governance have resulted in situations where exploiters, particularly in war-torn economies like that seen in Sierra Leone were more inclined to make (financial) gains, while the economy struggle to meet its obligations in delivering promises on economic growth and sustainability (Wilson, 2013).

![Figure 1: Sierra Leone GDP Annual Growth Rate (%)](image)
Source: Trading Economics (n.d)
The worse of the economic down-turn, and more so the resource curse syndrome struck during mid-term 2014 as a result of the emergence of the deadly Ebola virus (Jackson, 2016a). An excerpt quotation from Trade Economics Outlook (n.d) outlined the state of the country's economic reality in the period between 2013 and 2016:

"Gross Domestic Product (GDP) in Sierra Leone contracted 21.50 percent in 2015 from the previous year. GDP Annual Growth Rate in Sierra Leone averaged 2.47 percent from 1961 until 2015, reaching an all-time high of 20.70 percent in 2013 and a record low of -21.50 percent in 2015. (Trading Economics, n.d)"

To blame this period (2014-2016) of a dip in revenue as a justification for the resource curse/Dutch disease syndrome would be entirely incorrect (despite the fact that a country must always seek to prepare for 'rainy days' with such abundance of natural resources), and in fact contradict Gadamer's hermeneutic doctrine of human virtuousness. The fact about it is that natural disasters is a natural phenomenon, which means it can struck in at anytime, and even the wealthiest of developed nations like the USA and UK can also be adversely hit in the event of a pandemic, for example Ebola.

Table 1 provides a clear illustration of Sierra Leone's performance on resource governance. With the given set of criteria (e.g. institution and legal setting, safeguards and quality controls and enabling environment), the country was ranked 25th out of 58 countries surveyed. One is then poised to believe that the experience of the resource curse syndrome during the era of the civil crisis has led to a wake-up call on successive governments in post-war period to address issues of poor governance in all areas associated with natural non(renewable) resource management for the good of all. This has given rise to the establishment of the National Protected Area Authority (NPAA), an independent wing of the division of forestry at MAFFS responsible for overseeing the uncontrollable abuse of protected forest areas.

Table 1: Sierra Leone's Performance on Resource Governance Index

<table>
<thead>
<tr>
<th>Indicators of Resource Governance Index</th>
<th>Rank (out of 58 countries)</th>
<th>Score (out of 100 countries)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Composite Score</td>
<td>35</td>
<td>46</td>
</tr>
<tr>
<td>Institution and Legal Setting</td>
<td>43</td>
<td>52</td>
</tr>
<tr>
<td>Reporting Practices</td>
<td>28</td>
<td>47</td>
</tr>
<tr>
<td>Safeguards and Quality Controls</td>
<td>25</td>
<td>59</td>
</tr>
<tr>
<td>Enabling Environment</td>
<td>41</td>
<td>44</td>
</tr>
</tbody>
</table>


As seen in Table 2, total change in forest cover revealed a fall of -9.53 between 1990 and 2005, and the situational loss of forest cover also worsened as evidenced in works produced by Jackson (2015b) along the WAPFoR communities. The mining and petroleum sectors are governed under the guidance of the Mines and Minerals Act of 2009 (monitored by the Ministry of Mines and Mineral Resources), and the Petroleum (monitored by the Exploration and Production Acts of 2011)[United States Geological Survey (USGS), 2012].

Table 2: Sierra Leone Change in Total Forest Cover 1990 – 2005

<table>
<thead>
<tr>
<th>Year/Annual Change</th>
<th>Forest Cover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest 1990</td>
<td>3,044,000(he)</td>
</tr>
<tr>
<td>Forest 2000</td>
<td>2,851,000(he)</td>
</tr>
<tr>
<td>Forest 2005</td>
<td>2,654,000(he)</td>
</tr>
<tr>
<td>Annual Change 1990 -2000</td>
<td>(19,300 ha) -0.63%</td>
</tr>
<tr>
<td>Annual Change 2000 -2005</td>
<td>(29,400 ha) -0.68%</td>
</tr>
<tr>
<td>Total Change 1990 -2005</td>
<td>(290,000 ha) -9.53%</td>
</tr>
</tbody>
</table>

Resource Curse Remedy in view of Sierra Leone’s Current Economic Situation

Sierra Leone is capable of eradicating herself from the resource curse hypothesis/Dutch disease syndrome through careful planning, and honesty where the application of Gadamer's ethical virtues of goodwill is concerned in the monitoring and management of the natural non(renewable) resources sector. Stereotypically, resource curse seemed more like a form of labelling of countries within the categorised term of 'under-development', mostly located around Africa and Latin America, and for which Sierra Leone is also listed.

Sierra Leone is small in size, with precisely 7,075,641 million people (based on the publication of the 2015 census data) and well-endowed with precious non(renewable) natural resources; through efficient management of these resources, the country can overcome its current problems of economic shambles (UN, 2016). First in the direction of development is the need for honest manifestation of virtuous character displayed by public servants in particular, and also independent agencies hired by the government to salvage remains of the country's resources, more so non-renewables like diamonds, and renewables as in the case with forest products. In furtherance, the country (government authorities) should seek to apply stringent measures [similar to that instituted by countries, such as Norway (Larsen, n.d)] to remedy situations like corruption on the part of those seeking to fulfill their selfish desires at the expense of the entire nation. These measures should include the confiscation of assets from the hands of public servants which have been unjustifiably acquired during their tenure of work with the public service.

Consideration should also be given to the issuing of license(s) to private individuals or businesses, and with a call for strict demand on minerals extracted to be properly assessed by experts to ensure that correct percentage of proceeds from sales are paid directly into the government's coffer. There should also be commitment towards ‘corporate social responsibilities’ adopted by private national and multinational firms operating in endowed (non)renewable resource communities which will serve as a way of helping the country to be salvaged from the resource course hypothesis syndrome (see Jackson and Jackson, 2016).

As in the case with most developed nations like the United Kingdom (UK) where the enactment of laws are considered supreme, individuals caught under the grounds of defrauding the state should be tried independently, and if found guilty, charged and punished for inflicting economic malaise to the nation, particularly where it is seen as an act of enriching the pocket of selected individuals at the expense of improvement on the provision of core (national) services, for example, the provision of affordable health care to vulnerable citizens like children in the age group of 0–18, and also, adults over 60 years old.

Phronetic values of goodwill is more or less a thing of the past in Sierra Leone, particularly in the public service where public servants are expected to exercise strict code of ethical values in discouraging malpractice acts like bribery and corruption. The manifestation of virtuous ethical goodwill needs to be implemented from above, and with a continuous review of its implementation carried out annually so as to prevent lapses, particularly those waiting to see how far the law can be exercised effectively.

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4 This simply entails agreement with potential investors to commit themselves to invest in communities where their operations are said to be particularly associated with environmental sustainability. Such investments can take the form of improvement in human resource potential (e.g., creation of training centres to enhance skills set of locals), and the establishment of intermediary businesses to aid the transformation of raw materials into finished products. Through this, the country will be more capable of preparing herself for unanticipated global or national shocks which may likely impact adversely on prices of (non)renewable commodities.
The political economy structure should endeavour to discourage all forms of allegiances with political groups, particularly that which is seen as undermining the integrity of competent citizens to become part and parcel of a developmental society. Politics is part of an economic system, but not to the extent of its dominance on the entire economic system. This in most cases can prejudice citizens, with preferential treatments granted to those in allegiance, on the basis of their membership or support of a political view. Critical discourse in all subjects pertaining to the development of an economy must be encouraged in a virtuous manner that promote intellectual debate on issues pertaining to economic progress of the country, where judicious utilisation of non(renewable) resources are concerned, more so, in serving the good of the nation as a whole.

Conclusion
The paper took a pathway of critical discourse analysis of the concept of Phronesis, with reference to the political economy of natural non(renewable) resource management in Sierra Leone. The concept of Phronesis to an extent, has been unravelled with a view of critically assessing discourses on what constitute virtuous (good or bad) expression of services that ensures everyone in the country benefit from the proceeds of sales of non(renewable) resources, as opposed to the branded assertion of Sierra Leone being a resource cursed nation, where only handful of individuals are perceived to be enjoying the country’s wealth, while the rest of mankind are living on the mercy of aid provided by donor countries/agencies.

The resource curse hypothesis syndrome, to some extent can be construed as reality when one reflect on the extent of exploitation inflicted on the country’s natural non(renewables) resource environment (for example, forest and mining sectors), and with very limited evidence of real development witnessed across the country since independence. The country’s steady growth in GDP up to the period of 2014, and followed by a decline thereafter is an attestation to justify a critique of methodology on which the resource curse hypothesis/Dutch disease syndrome is anchored.

In all fairness, the governance of natural resource extraction has to some extent been poorly managed in Sierra Leone, but not to the extent to which the emergence of the Ebola epidemic is used as the main pretext of the country’s current state of underdevelopment. On the basis of this alone, officials would never be able to engage critically with the reality of poor resource management experienced in the country’s key sectors to address ways of stepping out of the resource curse/Dutch disease syndrome.

Poor management of resources is an issue of topical concern that needs to be brought to the fore in Sierra Leone as a way of moving forward on the country's agenda for sustainable development goal (SDG), where the abundance of resources is utilised for the ethical good of both present and future generations. Sierra Leone has the capacity to step out of the so-called symptom of resource curse/Dutch disease; this can only be achieved where the rule of law is observed, with perpetrators of unethical acts, leading to the exploitation of natural (non)renewable resources are (severely) punished to deter future cases of unethical practices.

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