ABUNDANT NATURAL RESOURCES CAN HELP OR HINDER GDP GROWTH

Why do some regions rich in natural resources still struggle economically? This paradox is known as the "resource curse". This curse can manifest when regions or countries become overly reliant on the export of a resource, such as coal or oil. This reliance creates vulnerability to price shocks and often accompanies a decline in other industries, such as agriculture or manufacturing. Effective policy, which balances investments in human capital, infrastructure, and diverse sectors, can ensure that resource wealth remains a blessing, not a curse. Norway is an example of a country that leveraged revenue from oil exports into sustainable, long-term GDP growth.

Daniel Chachu, PhD
Postdoctoral Researcher, Institute of Political Science, University of Zurich

Dr. Chachu studies how relying on natural resources (e.g. oil, gas, minerals, or other extractive resources) for income and exports affects a country's ability or willingness to build a strong tax system. He was drawn to this field in order to help address inequality and underdevelopment in the Global South and Africa, in particular. This has meant pursuing research interests at the heart of good (resource) governance and development. Dr. Chachu also investigates whether strong, transparent, and accountable multilateral institutions or foreign governments help resource-rich countries manage resource wealth better and build effective tax systems despite having resource income. *Learn more: "Domestic revenue displacement in resource-rich countries: What's oil money got to do with it?" 2020. Resources Policy. doi.org/10.1016/j.resourpol.2020.101656.*

Karen Clay, PhD
Teresa and H. John Heinz III Professor of Economics and Public Policy, Heinz College of Information Systems and Public Policy, Carnegie Mellon University

Prof. Clay investigates the role of natural resources, including fossil fuels, minerals, and agricultural land, in the economy. Much of her recent work focuses on how pollution from using those resources affects people's health, productivity, and long-term economic outcomes — both in the past and today. Through her work, Prof. Clay loves asking and answering questions about the energy and environmental sectors and the effects of various U.S. government policies (such as the Clean Air Act and the Acid Rain Program) on outcomes. *Learn more: "The Short-Run and Long-Run Effects of Resources on Economic Outcomes: Evidence From the United States 1936–2015." 2018. NBER Working Paper. doi.org/10.3386/w24695.*

 This work is funded by the National Science Foundation, Division of Undergraduate Education under grant DUE-2315696 and the CSWEP-SSRC Women in Economics and Mathematics Research Consortium.