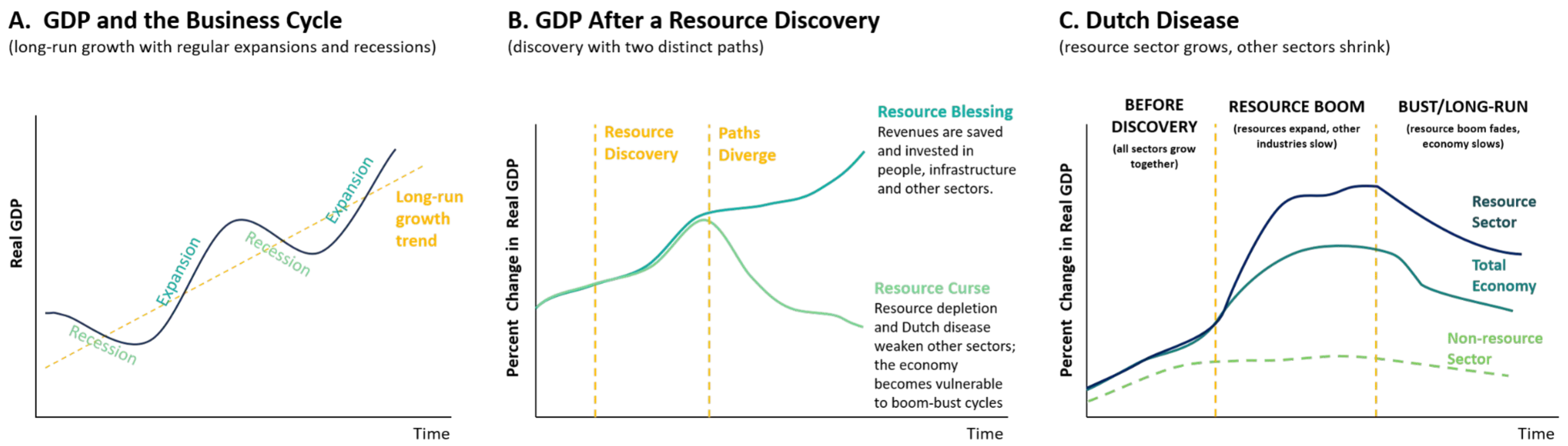

UE Figure S2 Ep1: Resource Discoveries and GDP. Panel A illustrates the typical pattern of real GDP over time: a long-run upward growth trend with recurring expansions and recessions around that trend. Panel B shows how a resource discovery can initially raise GDP through a resource boom but then lead to two distinct long-run paths. If resource revenues are saved and invested in human capital, infrastructure, and economic diversification, the initial boom can support sustained long-run growth (the *resource blessing*). Alternatively, if the economy becomes overly dependent on the resource sector and neglects other productive industries, the boom can give way to greater volatility, stagnation, or decline (the *resource curse*). Panel C illustrates the mechanism underlying the resource curse. Before the discovery, the resource and non-resource sectors grow together. Following the discovery, labor and capital shift toward the expanding resource sector while the non-resource sector contracts, a process known as *Dutch disease*. As the resource boom fades, weaker non-resource industries leave the economy more vulnerable to slower growth and boom-bust cycles.