Understanding the resource curse (or blessing) across regions:
Theory, empirical challenges and an application

Tuesday May 12, 11.00am - 12.00pm
University of Canberra

Abstract

The relationship between resource extraction activity and economic growth has been widely studied in the literature and the resource curse hypotheses emerged as a theory to explain the effects of resource windfalls on national economies. However, within countries, resource booms and busts can have distinctive effects across local economies, as extractive regions face particular economic consequences unlikely to be observed in non-resource regions. Empirically, most studies analysing the resource curse have relied on cross-country models to estimate effects and inform policy; however, the use of regional – within-country – analysis has gained attention from scholars lately, promoted by two advantages: it avoids unobserved country heterogeneities confounding economic outcomes caused by resources and exploits the sub-national quasi-natural experimental conditions generated by endowments. This paper contributes to the resource curse literature by discussing its theoretical causes across scale (regional vs. national effects) and highlighting the empirical challenges involved in the analysis of mining economic impacts across regions. We complement the discussions by econometrically modelling economic growth across non-metropolitan sub-state regions of Australia during a period of resource windfalls, finding that in most cases resources have been a blessing for local economies, although negative effects have also been experienced in parts of the country.

About the Speaker

Dr David Fleming is a research economist at the CSIRO, where he collaborates with the ‘Economic Geography’ research team. He obtained his PhD in Applied Economics from the Pennsylvania State University and has lived in Australia since 2012. Dr Fleming has studied a variety of issues relating to economic development, and his research has been published in multiple journals such as the Nature, Food Policy and the Australian Journal of Agricultural and Resource Economics. As part of his research focused on Australia, he has studied the local socioeconomic effects of Coal Seam Gas, the impacts of mining across regional economies and income inequality.
The National Centre for Social and Economic Modelling at the University of Canberra is the pre-eminent economic and social and modelling centre in Australia, and is recognised as a world leader in microsimulation. In 2014, it joined with a number of other centres at the University of Canberra to form the Institute of Governance and Policy Analysis (IGPA), while still keeping it's separate identity as a research centre.

The NATSEM Seminar series is a series of applied economic seminars given monthly by some of the best economic and social policy analysts in Australia. NATSEM seminars have been running since 2001 and are targeted to public servants and academics and, along with the annual NATSEM Lecture, provide an important link between policy makers in Canberra and researchers.

In 2015, NATSEM will be joining with the Economics faculty at the University of Canberra to present another round of seminars. These seminars will aim to present the results from applied economic and social analysis and modelling.

While some presenters are external to NATSEM, the seminar series is also an opportunity for NATSEM and the UC Economics faculty researchers to present the results of their work.

KEY DETAILS

TOPIC: Understanding the resource curse (or blessing) across regions: Theory, empirical challenges and an application

DATE: 12th May, 2015
TIME: 11.00am– 12.00pm
Venue: Seminar Room 1
Building 24
University of Canberra

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