

Resource abundance and participatory governance : A behavioural experiment

Klarizze Anne Martin Puzon (*Swedish University of Agricultural Sciences, Department of Forest Economics & Centre for Environmental and Resource Economics*)

Curriculum Vitae, research stuff, etc: <http://sites.google.com/site/klarizzeamp/cv>

Overview of seminar presentation

I. Historical motivation

- Blood Diamonds (*diamante de sangre*) in Africa
- 16th century Spain' gold discovery in South America
- Nigeria's political struggles and de-growth after the 1970s oil boom
- Oil-dependent Venezuela and corruption through *white elephants* (i.e. inefficient public spending)

III. Theoretical and econometric background

- **No consensus in theoretical literature regarding the effect of sudden increases in natural resource wealth (e.g. oil price shocks) on socio-economic outcomes like conflict, corruption, technological progress** ((Grossmann and Mendoza (2006) ; Van der Ploeg (2011) ; Puzon (2014) ; Hodler (2006) ; Boucekkine, Prier & Puzon (2016))
- **No consensus in econometric literature either** (Sachs and Warner (1997); Brunnschweiler & Bulte (2008, 2009) ; (Van der Ploeg & Poelhekke (2009) ; Hennani & Puzon (2016 draft))
- **Results maybe conditional on governance mechanisms ? But, which institutions matter ?**

IV. This paper in a nutshell

- Extension of Puzon & Willinger's (2016, Games) experiment on anarchy and resource jumps
- **Experimentation as a methodology** : Micro-level controlled environment, No omitted variable bias, No endogeneity issues, Behavioural data complements real-life empirical findings ; Behavioural findings maybe used to modify rational theoretical models
- **Research questions** :
 1. What is the effect of sudden resource abundance (or scarcity) on property rights selection and competition (e.g. violent conflict, wasteful rent-seeking) ?
 2. What potential role can democratic participation (i.e. group decision-making) or external regulation play ?

Selected references that maybe of interest...

Boucekkine, R. & Prier, F. & Puzon, Klarizze. *On the timing of political regime changes in resource-dependent economies*. European Economic Review, 2016. 85(C), 188-207.

Van der Ploeg, F.; Poelhekke, S. *Volatility and the natural resource curse*. Oxf. Econ. Pap. 2009, 61, 727-760.

Brunnschweiler, C. & Bulte, E. *Natural resources and violent conflict: Resource abundance, dependence, and the onset of civil wars*. Oxf. Econ. Pap. 2009, 61, 651-674.

Hodler, R. *The curse of natural resources in fractionalized countries*. Eur. Econ. Rev. 2006, 50, 1367-1386.

Sachs, J. & Warner, A. *Natural Resource Abundance and Economic Growth*; Working paper; Center for International Development and Harvard Institute for International Development: USA, 1997.

Puzon, K. & Willinger, M. *Malevolent Governance, Intra-Group Conflict and the Paradox of the Plenty: An Experiment*. Games. 2015. 7(1), 2.