

Summary

Determinants of Expropriation in the Oil Sector: A Theory and Evidence from Panel Data

Guriev S.M., Kolotilin A.D., Sonin K.I.

In this paper we study nationalizations in the oil industry around the world in 1960–2002. We show, both theoretically and empirically, that governments are more likely to nationalize when oil prices are high and when political institutions are weak. We consider a simple dynamic model of the interaction between a government and a foreign oil company. The government cannot commit to abstain from expropriation and the company cannot commit to pay high taxes. Even though nationalization is inefficient it does occur in equilibrium when oil prices are high. The model's predictions are consistent with the panel analysis of a comprehensive dataset on nationalizations in the oil industry since 1960. Nationalization is more likely to happen when oil prices are high and the quality of institutions is low even when controlling for country fixed effects.

Instability of Democracy in Resource Abundant Countries

Polterovich V.M., Popov V.V., Tonis A.S.

We analyze data on sustainability of democratic regimes in resource rich countries and suggest a two-period model to explain why resource abundance may lead to instability of democracy in some countries, but does not create any difficulties for democratic system in other ones.

Our central idea is as follows. If a country is abundant by point resources, this creates a prerequisite for resource owners to have dominant economic power. If institutions are weak under democracy, the economic power may be converted into political one. Resource owners («oligarchs») can thrust their preferred decisions on a parliament, bribing politicians. This creates a base for a potential Autocrat's strategy to get power.

Rate of resource rent tax is considered as the only policy instrument in our simple model. The tax affects the income of a representative voter. Choosing a tax rate, Autocrat competes with conventional Politician (a representative political party) for the office.

Our model takes into account the fact that the actual Autocrat's policy may be different from the announced one. If the difference between the two policies is big, then the public may rise up and throw the Autocrat down.

Our main conclusions from the model exploration are as follows. The probability of democracy preservation is decreasing in the amount of resources, if the institutional quality is low enough. It is independent of resources and is determined only by cultural characteristics of the society, if the institutional quality is higher than the threshold. The level of the threshold, however, is positively dependent on the re-

source amount. These effects are consequences of the optimal Autocrat policy: the larger is the amount of resources, the stronger are Oligarch's incentives (inspired by Autocrat's policy) to bribe politicians.

The International Economics of Natural Resources and Growth

Gylfason T.

This article is in three parts. First, it briefly describes the contribution of natural resources to economic growth around the world, pondering the question whether an abundance of natural resources is a blessing or a curse. Second, an attempt is made to provide a glimpse of recent empirical evidence that can be brought to bear on this question. Third, the article discusses the experience of Norway, the world's third largest oil exporter. To date, Norway has appeared to be mostly free of the worrisome symptoms, such as the Dutch disease, that have afflicted many other countries with abundant natural resources.

Human Capital, Industrial Growth and Resource Curse

Volchkova N., Suslova E.

How the country's natural resource abundance affects the industrial growth? We argue that one of the transmission mechanisms is via the distorting effect of resources on the distribution of country's human capital, namely under-accumulation of country's high skilled human-capital. In particular, we empirically investigate whether link between country's natural resource endowment and industry-level growth depends on industry's human-capital requirement. We show that in the 1980s and the 1990s, industrial sectors that are high-skilled labor intensive developed disproportionately slowly in countries with higher contribution of natural resource sectors to GDP. At the same time low-skilled labor intensity did not differentiate industrial growth between resource-rich and resource-poor countries. Our findings are in line with the theoretical argument that deteriorative effect of natural resources on the development of industrial sector is a byproduct of the capital accumulation process in the resource abundant open economy that slows down the development of marginally high-skilled labor force compared to the resource-poor economies.

Firm-level Empirical Surveys: Tools and Practice

Dolgopyatova T.G.

Topic 2. Formalized surveys of enterprises top-managers: a tool for evaluations based on qualitative information

The second topic of the lecture course «Firm-level Empirical Surveys: Tools and Practice» is presented in this issue. The topic describes possibilities and practice of application of formalized top-managers surveys to studies of enterprises economic behavior. The main attention is focused on development of surveys methodology and tools, and technology of their conducting. Limitations and advantages of surveys and distortion of their data characterizing enterprises state behavior are discussed.