

Value Added Trade and Resource Curse Thesis

Topic: (9.5) Input-output Analysis for Policy Making (4)

Author: Shih-mo LIN

Co-Authors: Jin-Xu Lin, Kuei-Feng Chang

This paper revisits the resource curse thesis from the recent perspective of value added trade. The negative relationship between natural resource dependence and economic growth has been found in many resource-abundant economies, and the possible causes of this relationship have been proposed and examined extensively in the literature. One of the reasons causing slower economic growth in resource-abundant economies is that production factors tend to shift from producing manufacturing goods to producing resource ones. And even worse is that some of the factor revenues are collected by foreign-owned companies and the consumption tends to shift from domestic goods to imported ones. This paper tries to examine whether the resource curse phenomenon is existing in resource-rich economies and investigates the possible causes associated with different types of economies from the value added trade perspective. Our results could provide another view on resource curse thesis and figure out which economies are having the tendency of getting the curse.