

Charles University in Prague

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DISSERTATION THESIS ABSTRACT

**Essays on Natural Resource Richness,
Economic Growth and Institutional Quality**

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Abstract

This dissertation consists of three empirical papers on natural resource, economic growth and institutional quality. The first paper analyzes possible publication bias and the reason for contradictory findings in the natural resource literature, the second paper examines the effect of natural resource exports on manufacturing performance in the 15 former Soviet Union countries, and the last addresses whether similarities in country income size and at the institutional level encourage increased amounts of bilateral trade between countries. An introductory chapter puts these three papers into perspective.

In the first paper, I analyze 43 studies providing 605 different regression specifications and found that approximately 40% report a negative and statistically significant effect, another 40% report no effect, and the remaining 20% report a positive and statistically significant effect of natural resources on economic growth. The findings show that including interaction between natural resources and institutional quality, controlling for the level of investment activity, distinguishing between different types of natural resources, and differentiating between resource dependence and abundance are especially effective in explaining the differences in results across studies.

In the second paper, I examine the effect of natural resource exports on economic performance during the period from 1996 to 2010 in the 15 independent countries that formerly comprised the Soviet Union. The results suggest that natural resource exports do not crowd out the manufacturing sector only in post-Soviet countries with sufficiently high institutional quality; those with low institutional quality suffer from the natural resource curse.

In the third paper, I analyze the effects of similarities in economic size and institutional level on bilateral trade. Using panel data on the bilateral trade of Azerbaijan with 50 different countries from 1995 to 2012, the study finds that similarity of income size is necessary for increasing bilateral trade across countries. The main finding is that high quality rule of law and more control of corruption boost confidence in international trade, therefore, “reliable” countries tend to trade more with each other, and less with “unreliable” countries.