

Resource Curse

Subjects: Sociology

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This phenomenon, which hinders economic growth due to excessive dependence on natural resources, is called “resource curse”. The resource curse not only brings negative effects on the speed of economic growth, but also causes a series of ecological and social welfare problems, such as environmental pollution and income inequality, which runs counter to the goal of high-quality economic development.

Keywords: resource dependence ; high-quality economic development ; innovation investment ; talent gathering ; multi-step ; multi-mediation model

1. Introduction

Natural resources, as a necessary input in the process of material production, have extremely important economic value and have always been regarded as a symbol of wealth and growth. The United States, Germany, Canada and other economies realized industrialization quickly and have maintained a sustained period of economic growth; one of the important conditions is to have abundant natural resources ^[1]. However, the economic growth of countries which are also rich in natural resources, such as Venezuela and Nigeria, is very slow or even stagnant. Moreover, as a developed country, the Netherlands also experienced an unprecedented economic crisis in 1980s because of its excessive dependence on natural gas export industry, which caused other manufacturing sectors to shrink. This phenomenon, which hinders economic growth due to excessive dependence on natural resources, is called “resource curse”.

2. Resource Curse in China

The existing literature focuses on the relationship between resource dependence and economic growth. However, China's economy has changed from a high-speed growth to a high-quality development stage ^{[2][3][4]}. This means that, on the one hand, the traditional extensive economic growth mode with high input, high consumption, high pollution and low efficiency is gradually being abandoned; on the other hand, China's economic development is shifting from focusing on quantity to improving quality, from factor and investment driven to innovation and talent driven. In addition, “high-quality economic development” is different from the previous “quality of economic growth”. Although both pay more attention to the quality of economic development rather than the speed, the differences are as follows: first, “high-quality economic development” has richer connotations than “quality of economic growth”, which put more emphasis on the coordination and unification of quality and quantity; second, “high-quality economic development” has more distinct characteristics of the times ^[5].

The resource curse not only brings negative effects on the speed of economic growth, but also causes a series of ecological and social welfare problems, such as environmental pollution and income inequality, which runs counter to the goal of high-quality economic development. At present, China's resource-based regions are facing serious transformation problems caused by environmental deterioration and resource exhaustion. How to promote high-quality transformation of resource-based regions is an important research direction of economic and social development in the new era ^{[6][7]}. Traditional resource curse theory mainly analyzes its transmission mechanism from three aspects: “Dutch disease” effect, institutional weakening and crowding-out effect on technology and human capital, and attempts to find a solution ^{[8][9]}. However, for high-quality economic development, innovation is the first driving force and talent is the first resource ^[10].

3. Conclusions and Policy Recommendations

3.1. Conclusions

(1) By measuring the high-quality economic development level of 30 provinces (cities and autonomous regions) in the Chinese mainland (not including Tibet) from 2007 to 2017, it can be seen that the high-quality economic development level of the central and western provinces of China has been in a backward position compared with the eastern provinces.

(2) There is a significant negative correlation between resource dependence and the high-quality economic development, which indicates that there is a “resource curse” in the stage of high-quality economic development in China.

(3) The results show that resource dependence has crowding-out effect on innovation investment and talent, and innovation investment can attract talent gathering. Furthermore, innovation investment and talent gathering can significantly promote high-quality economic development. Therefore, there is a chain mediating effect of “resource—dependence—innovation—investment—talent gathering—high-quality economic development”.

The conclusions provide strong evidence from the Chinese mainland (not including Tibet) for testing the resource curse and its transmission mechanism in the stage of high-quality economic development, and also provide theoretical reference for further exploring the relationship between resource dependence and high-quality economic development in other countries and regions.

3.2. Policy Recommendations

First, adjust the industrial structure and reduce the dependence on resource-based industries. Abundant natural resources per se will not have a negative impact on high-quality economic development, but due to the excessive dependence on natural resources in resource-based areas, economic growth is blocked, resources are exhausted, and the environment is deteriorating. In order to break this curse, we should promote the adjustment of industrial structure, reasonably control the proportion of resource-based industries, reduce the investment in fixed assets of mining sectors, raise the entry threshold of resource-based industries, and set a quota for mining.

Second, increased investment in innovation and improve regional innovation capability. Compared with the scientific and technological powers in the world, China’s resources development and utilization technology research foundation is weak, the driving force for innovation is insufficient, and innovation environment needs to be further improved. Resource-based areas should increase innovation investment through government financial allocation, social capital, enterprise financing and other channels, and use innovation investment to purchase advanced equipment and introduce talents, so as to endow innovation ability and accumulate material capital and human capital to promote technological innovation, solve energy technology innovation problems and improve resource utilization; moreover, the increase of innovation investment is helpful to attract manufacturing enterprises with “learning by doing” effect to enter resource-based areas, which constitutes a virtuous circle for further scientific and technological innovation and talent attraction.

Third, build a new highland for talent gathering and attract talents to return. There are many factors affecting talents gathering, among which environment is the key and service is the guarantee. The environment includes innovation environment, employment environment, living environment, ecological environment, etc. Resource-based areas should form a development environment conducive to scientific and technological innovation by building innovative infrastructure and various incubation platforms; increase the diversity and openness of urban public real estate and other development spaces that give cities more innovative vitality; improve the ecological environment, realize the harmonious coexistence between man and nature, and improve the livability level of resource-based regions, so as to attract talents and promote the high-quality economic development.

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