

PhD Defence: Clément Anne

Published on December 5, 2019 – Updated on December 5, 2019

Date

Le 06 December 2019 De 14:00 à 16:30

Location

Pôle Tertiaire - Site La Rotonde - 26 avenue Léon Blum - 63000 Clermont-Ferrand

Room Pascal

Beyond the resource curse: macroeconomic strategies in resource dependent economies

JURY

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ABSTRACT

As a response to the intensive literature regarding the direct or indirect impacts of natural resources on economic development, this thesis intends to analyze resource dependent economies beyond the scope of the resource curse and provide analyses on 3 key macroeconomic challenges faced by those countries. Unlike the trend to focus only on a set of countries depending on their resources produced or their level of economic development, this thesis does not discriminate according to these factors to include countries sharing their exposure to international commodity price volatility as a major threat, while analyzing countries which may have had various successes in their management of resource wealth.

First, it empirically analyzes the determinants of fiscal procyclicality which is the tendency of fiscal authorities to give fiscal policy responses in the same direction as the economic cycle, restrictive in case of a decrease of economic growth and expansionary in the periods of sustained economic growth. Based on a sample of 81 countries over 1992-2012, this study assesses a variety of potential candidates and find an importance of political-economy determinants in limiting fiscal procyclicality especially in the higher part of

the business cycle. It also provides some support to the idea that Sovereign Wealth Funds are more effective than Fiscal Rules to limit fiscal procyclicality especially through a limitation of expenditure growth in good economic periods.

The next chapter provides an empirical study to the relationship between commodity prices and export diversification, a challenge especially important to assess whether resource dependent economies used commodity price booms as opportunities to diversify their economy away from the resource sector. Based on a panel of 78 countries over 1970-2012 it finds a strong empirical support to the impact of commodity price booms on export concentration especially through a concentration of the mix of already exported products (intensive margin) during periods of commodity price booms and an increase of export diversification during periods of commodity price busts. It also highlights the higher concentration of exports during the 2000s commodity price boom than following the 1970s boom, which may have complicated the recovery of those countries since the reversal of commodity prices to a low level.

Finally, it provides a critical analysis to the concept of Sovereign Wealth Funds which has been a trendy recommendation for countries to manage their resource wealth. After providing a critical review to what this notion may cover, it provides a framework to understand funds labeled as Sovereign Wealth Funds in a continuum of public funds. This enables to give some recommendations regarding the macroeconomic challenges those funds may help managing in the context of resource dependent economies as well as the factors which could limit a fund's relevance or effectiveness.

This thesis highlights the relevance of studying key challenges faced by resource dependent countries instead of focusing to the long-lasting debate of the resource curse and calls for future works to help policymakers in those countries to implement sound macroeconomic strategies for their economies.

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