Course Description

The main objective of the course is to provide MPP and other graduate students with a thorough overview of existing knowledge on the political and economic consequences of natural resource wealth. The course will combine theoretical models and empirical evidence in an attempt to disentangle what we know (and don’t know) about the relationship between natural resources and various political and economic outcomes. It will also provide a setting for the discussion and evaluation of various policies for the management and use of natural resource wealth. Methodologically, the course aims to help students develop and refine their analytical and presentational skills.

Prerequisites

The course does not have any formal prerequisites. However, a basic understanding of microeconomics and empirical research design is required. Students’ ability to engage with the material and to benefit from the course is likely to be higher after having taken the core sequences in economics, politics and statistics, although this may well depend on individual academic background and experience. Please contact me if unsure.

Requirements

Reading reports and class participation

Students are expected to closely engage with every required reading. The number of pages assigned per week is intentionally left small with the expectation that students will read each study carefully, evaluate the quality of the evidence and arguments, and come to class prepared to discuss the readings. Students are expected to participate actively in class, with the quality of participation being much more important than the quantity.

Starting on Week 2, students will write a brief report on one of the required readings for each week, which is marked with a star (*). These reports should be no longer than 2 pages and should be submitted electronically by 11:59 p.m. on the day before class (i.e. Tuesday) through the course website. The report should answer the following questions:
• What is the question being addressed by this study?
• Why is this an important question to answer?
• What is the answer offered by the study?
• What evidence is brought to bear?
• In your view, does the evidence compellingly support the conclusion of the study?
• Can you think of any plausible alternative explanations to the findings?
• Unconstrained by time or resources, how could you improve upon this study or answer the same question in a better way?

Submission of the reading reports will be checked each week and will be part of a student’s grade. Late assignments will not be accepted, but each student is allowed to not submit a maximum of 1 reading report during the term, with the understanding that unforeseen circumstances may prevent a student from writing a report or conducting the readings thoroughly at some point throughout the term. Two (of the submitted) reading reports will be chosen at random for marking and feedback. The marking of reading reports will place greater weight on analysis rather than description.

For each week, the syllabus lists extra readings which are not required but either will be covered by the instructor or might be of interest to students wanting to learn more about a particular topic or wanting to do their project on something related (see next section).

Research project

Students will conduct an original research project throughout the term related to the subject of the course. The specific topic and methodology are open-ended, allowing students to explore a question that is most suited to their interests, skills, and career goals. The scope for the project is quite wide. Students may reassess existing evidence, replicate a study in a different context or conduct a case study of a particular country or policy, among other options. However, the project must address a well-defined question and must implement a suitable methodology.

Collaborations between a maximum of 3 students are allowed, but the expectations increase with the number of coauthors. For research projects that require the burdensome collection of new data, the administration of new surveys or experiments, or some other major undertaking that could not be easily completed over the course of the term, detailed research proposals are acceptable.

Students will submit a 1-2 page description of their research topic (closely following the format of the reading reports) by the fifth week of the quarter, present their project on the last day of class, and turn in the completed paper by 11:59 p.m. on March 14. The length of the final paper will vary depending on the nature of the project, but most will fall between 15 and 25 pages including several pages of tables and figures. Papers will not be accepted past the deadline for any reason. Students should work on their projects continually throughout the term and allow for the possibility of unforeseen circumstances. Time will not be allotted in class for work on the projects and students are encouraged to seek advice and feedback during office hours.
Course Grading

- Class participation (25%)
- Reading reports (25%). Due by 11:59 p.m. on Tuesdays starting week 2.
- Preliminary description of research topic (10%). Due by 11:59 p.m. on February 01
- In-class presentation (15%). March 07
- Final paper (25%). Due by 11:59 p.m. on March 14

Course Materials

The course does not follow any particular book. Most of the readings correspond to academic research articles, which can be freely accessed online through the university library [http://sfx.lib.uchicago.edu/sfx_local/az/] and on the course website. We will read several chapters of the two books listed immediately below. Students are not required to purchase these books, but may find them useful as reference:


Course Outline


   - Rules of the game
   - Some background on natural resource extraction
   - Cross-country evidence on the economic ‘resource curse’

Required readings:


Optional readings:


2. **January 10**: Economic Effects of Natural Resource Wealth (Part II)

   - Political origin of the resource curse: rent-seeking
   - The role of institutions: empirical findings
   - Other explanations: volatility, sectoral composition, foreign investment
   - Local effects of resource-based economy

**Required readings:**


**Optional readings:**


3. January 17: Are natural resources bad for democracy? (Part I)

- What is the connection between autocracy and natural resources: theory
- Cross-country evidence: old and new

Required readings:


Optional readings:


4. January 24: Are natural resources bad for democracy? (Part II)
• New evidence: commodity price shocks and oil discoveries

• Regime durability

• Development of institutions

**Required readings:**


**Optional readings:**


5. **January 31:** *Do natural resources generate conflict and war? (part I)*

• Theory and evidence on external conflict

• Theory on internal/civil conflict and insurgency

• Cross-country evidence on civil conflict

**Required readings:**


Optional readings:


6. February 07: Do natural resources generate conflict and war? (Part II)

- Within-country evidence
- Mechanisms: Lootability, rapacity

Required readings:


Optional readings:

1. Andersen, Jorgen, Frode Martin Nordvik, and Andrea Tesei. 2017. “Oil and Civil Conflict: On and Off (Shore).” Unpublished manuscript.


7. **February 14:** Natural resources, governance and accountability (part I)
   - A political agency model of resource rents
   - Evidence on resource rents and corruption
   - Evidence on resource rents, public spending and standards of living

**Required readings:**


**Optional readings:**


8. **February 21:** Natural resources, governance and accountability (part II)
   - An enriched model of resource rents, tax revenue and governance
• Evidence on effects of tax v.s. non-tax revenue
• Evidence on resource rents and tax effort

Required readings:


Optional readings:


9. February 28: Political institutions and exploration/ exploitation of natural resources

Required readings:


Optional readings:


10. March 07: Women’s rights in oil-rich countries (optional) + Student presentations

Required readings:


Optional readings:


