

Natural Resources, Education and Economic Growth

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ABSTRACT

Traditional approach blames the low rate of annual economic growth in natural resource rich countries, on the natural resources. Based on this approach education is also inversely affected by the natural resources. In this paper by using three measures of natural resources, namely Natural resource abundance, natural resource depletion and its subsets, and two measures of education, namely Secondary school enrollment and public expenditure on education, I manage thirteen groups of regressions. With obtaining coefficients of variables, I suggest an appropriate economic growth model for each group. After analyzing all models, I suggest the best economic growth model for natural resource rich economies. This paper empirically suggests that the effect of natural resources on the economic growth depends on the indicator measuring natural resources. Natural resource abundance inversely affects the economic growth while natural resource depletion has a positive effect on economic growth. I will also empirically show that the effect of natural resources on education is significant only when using the share of natural capital in total wealth as a measure of natural resources and secondary school enrollment as a measure of education while no significant relationship is observed in the case of employing natural resource depletion, or its subsets, as an indicator for natural resources.