

Natural resources and economic growth: the moderating role of investment

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Abstract

In this paper two additive causes of natural resource obstructions on economic growth are evaluated through moderating role of investment as contribution to current literature. The obstruction occurs due to the individual interaction between: a) investment & domestic savings (relative inefficiency of internal capital mobility); and b) investment & public spending. Unidirectionally, investment is the main determinant of economic growth with evidence for five Latin-American countries (including Bolivia) during 1982-2012 by using dynamic panels (GMM). The evidence suggests that natural resource rent has different effects on investment (no significant impact), domestic savings (positive effect after attainment of certain level in natural rent to GDP) and foreign savings (decreasing deficit of current account).

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