

Resource rents and imports of luxury*

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Abstract

Revenues from natural resources are a substantial source of income in many poor countries, with controversial economic effects. Whether these revenues benefit the poor or are captured by an elite cannot easily be observed due to the lack of appropriate income and consumption data. We suggest using widely available data on the import composition of countries - as reported by exporters - to assess who benefits from resource windfalls. We measure how the share of imports of luxury goods reacts to a change in resource rents and use it as a proxy for the degree to which these rents are captured by an elite. Our preliminary results suggest a disproportionate increase in luxury imports after a resource windfall on average.

*: Joint with D. Hillrichs (Tilburg)