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ABSTRACTS

Environment and Natural Resource Management

RASHID AMJAD

**Climate Change and Economic Development:
A Pragmatic Approach**

JOHN GOWDY and ANEEL SALMAN

Two major problems promise to dominate economic and social policy during the twenty-first century. These are global climate change and the growing gap between the rich and the poor. Economists are facing these issues at a time when many of the standard tools of economic analysis—for example, competitive general equilibrium and the theoretical system that supports it—have fallen into disfavour in analysing global issues involving uncertainty and irreversibility. This is both a challenge and an opportunity for development economics. This paper first examines economic models of human development and climate change, drawing, where possible, on the situation in Pakistan. We then outline an approach to coping with climate change based on new perspectives in behavioural and development economics, and on the likely consequences of global warming for Pakistan. We focus on adaptation to climate change rather than on mitigation strategies.

What Turns a Blessing into a Curse? The Political Economy of Natural Resource Wealth

SYED MANSOOB MURSHED

I review the relationship between natural resource endowment type and economic growth in developing countries. Certain types of natural resources, such as oil and minerals, tend to exhibit concentrated production and revenue patterns, while revenue flows from other resources such as agriculture are more diffuse. Most developing countries that export products from the first group have been prone to growth failure in recent times. The most important channels are political economy mechanisms, where there are negative relationships between natural resource rents and institutional development. An explicit model of growth collapse with micro-foundations in rent-seeking contests that have increasing returns in rent-seeking outlays is presented.

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