

Natural Resources : Blessing or Curse?

Outline :

1. Introduction :

(i) Hook

(ii) Thesis Statement :

Natural resources are neither an inherent blessing, but they require a mind with vision for them to remain a blessing; without wise governance, transparency, and long term planning, even the greatest natural riches can turn into a curse; as witnessed in the collapse of resource abundant states.

2. Describing Natural Resources

3. How Natural Resources become a Curse

- (i) Easy wealth kills discipline and foresight
- (ii) Power seekers turn resources into personal treasures
- (iii) Over-reliance kills innovation and industry
- (iv) Environmental damage and social displacement
- (v) The wheel of instability shake national foundations

4. How Natural Resources Become a Real Blessing?



(i) The honest steward effect

(ii) Resource income used for education and human capital

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- iii. Accountability, transparency, and rules base governance lay the foundation of strong institutions
- iv. Sovereign funds and long-term planning
- v. Trade openness and diversified economies as a route towards connecting the world

5. The Global View of Blessing and Curse

- (i) Norway the lighthouse of good governance
- (ii) Botswana the example of wise diamond management
- (iii) Nigeria the cautionary tale of oil wealth
- (iv) Venezuela: the fall from riches to ruins
- (v) Gulf states the mixed story of prosperity and dependence

6. The Case of Pakistan

- (i) Rich mountains poor people
- (ii) The land of rivers yet the land of scarcity
- (iii) Mismanaged minerals and neglected energy fields
- (iv) Governance gaps that turn gifts into burdens
- (v) The promise of Beke Dig and the lesson of Sui gas
- (vi) Agriculture the forgotten gold mine.

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The Essay :

It was once said (not without irony) that a remote village in an oil-rich celebrated the discovery of an immense new oil field with fireworks, only to find out next year that their local school had no books, but did have a new fleet of official limousines for government VIPs. The villagers scratched their heads: where did the wealth go? This absurd divergence, between the blazing fireworks and hollow promises, captures the strange magic of natural resources: they glitter with promise, but their real power depends entirely on who holds the match. Just as the fireworks lit up the night only to vanish by morning, so too can resource wealth fade without leaving any lasting benefit. Natural resources, sometimes hailed as a gift of nature, can turn into a curse when ~~completely~~ competency, justice and accountability are absent.

Natural resources arrive to nations as natural endowments: beneath the earth lie hydrocarbon metals, forests and water; above it stand laws, institutions and people who decide how to turn those endowments into livelihoods. The

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opening vignette of fireworks and empty classrooms is not a mere anecdote. Scholars and practitioners have long documented cases where sudden resource wealth produced spectacular symbols of power - palaces, motorcades, defence contracts, while ordinary public goods stagnated or worsened. The paradox is well-known: resource rents can expand state power and rents without broadening accountability, producing visible consumption without invisible investments. This mismatch between glitz and substance is the narrative through which many resource-rich countries slide from promise to problem.

When large windfall revenues arrive suddenly, they can crowd out long-term budgeting discipline. Governments facing big short-term receipts may postpone taxation reform and public investment strategies leaving future generations exposed when commodity cycles reverse. Empirical analysis shows that natural resource abundance can be associated with worse macroeconomic management when countries fail to create stabilizing institutions and saving mechanisms. Rents concentrate bargaining power. Where large incomes

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are controlled by a small political elite, the incentive to capture revenues for private gain grows. Corruption thrives because transparency and oversight are weaker around extractive sectors. Examples abound: oil revenues have in some contexts financed patronage networks and embezzlement rather than public services. Authoritative studies of petro-states highlight how oil and mineral rents can entrench elite capture and reduce accountability.

Resource booms frequently shift labour, capital and policy attention away from tradable sectors like manufacturing and agriculture, a phenomenon often called "**Dutch Disease**". Currency appreciation and resource-sector wage premia make non-extractive industries less competitive; investment and innovation slow; the economy becomes one-trick pony. Over time, reliance on a single commodity raises structural vulnerabilities and diminishes broad multidimensional growth potential.

Environmental destruction also forms part of the curse. Mining drilling, deforestation, and river diversion often generate

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severe ecological and social consequences. Communities are displaced, water resources polluted, agricultural land degraded, and biodiversity destroyed. Studies published in journals on environmental economics show that ecological cost of extraction is rarely integrated into national planning. Countries like Nigeria, where oil spills ravaged the Niger Delta, demonstrate how unmanaged extraction can destroy livelihoods for generations. Even when revenues are high, the poor often pay the ^{ecological} price while the wealthy enjoy the financial benefits.

The instability of global commodity prices adds another dangerous layer. Oil, gas, copper, and even food commodities fluctuate based on global politics, technological change, and market speculation. Countries dependant on a single resource experience booms and busts that destabilize government budgets, increase debt, and fuel public unrest. The collapse of oil prices after 2014 crisis pushed several oil dependant economies into recession because they had not saved during

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the good years. Economists emphasize that without sovereign wealth funds or stabilization mechanisms, the volatility of natural resources becomes a permanent threat to fiscal stability.

However, Natural resources can also become a blessing, and many countries have proven this through disciplined policy making. The first difference between a cursed nation and a blessed one lies in honest stewardship. Transparent contracts, open bidding processes, public reporting of revenues, and independent audits significantly reduce the opportunities for corruption. The Extractive Industries Transparency Initiative (EITI) promotes global standards encouraging countries to disclose payments, tax flows, and production data. The World Resources Institute argues that transparency is one of the most powerful tools for transforming the resource curse into resource opportunity.

When revenues are invested in people rather than politics, the curse dissolves. Countries like Norway and Botswana demonstrate this clearly. Norway invests oil revenues into a massive sovereign wealth fund, the Government

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Pension Fund Global, valued at more than a trillion dollars. This fund supports pensions, stabilizes the economy, and ensures that resource wealth benefits not only the present but also future generations. Botswana, using its diamond wealth with prudence, invested heavily in infrastructure, health, and education. Paul Collier, in "The Bottom Billion", attributes Botswana's success to its disciplined institutions and its commitment to avoiding corruption in diamond contracts.

Strong institutions act as shields against the curse. These institutions include independent central banks, autonomous anti-corruption bodies, credible legal systems, and transparent sovereign funds. A country with strong institutions can resist political pressure during resource booms, save during good years, and spend wisely during downturns. Norway's example again shows how crucial institutions are: all oil revenue goes directly to the sovereign fund, and then government is allowed to withdraw only a small, ~~amount~~ fixed percentage annually.

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Saving for tomorrow is also essential. Countries that treat natural resources as short-lived blessings and convert them into long-term financial assets succeed in creating lasting prosperity. When Chile saved copper revenues and introduced countercyclical fiscal rules, it avoided major recessions during price fluctuations. This principle of converting volatile resource income into stable financial wealth is echoed across IMF and UN research on economic management.

Trade Openness and diversification also determine whether resources become a blessing or not. When resource revenues are used to build ports, roads, renewable energy grids, and industrial parks, the entire economy becomes more competitive. Malaysia used its oil and palm revenues to diversify into electronics. Indonesia used resource rents to build infrastructure industries and reduce reliance on raw exports. The countries that broke free from the curse are those that allowed resources to serve as stepping stones towards broader economic transformation.



In global context, natural resources have produced lighthouses of hope and cautionary

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tales. Norway and Botswana stand as global ~~market~~ models of responsible management; Nigeria and Venezuela remain classic example of curse conditions, and the Gulf states offer a mixed story of prosperity combined with high dependence on hydrocarbons. Each model shows that resources themselves are not a destiny; politics and institutions determine the outcome.

Pakistan's case reflects both potential and pitfalls. The country possesses fertile lands, rich rivers, gas reserves, coal gemstones, and one of the world's largest untapped copper and gold deposits at Reko Digg. Yet despite these gifts, Pakistan faces chronic energy shortages, gas mismanagement, and institutional ~~mis~~ ~~management~~ fragmentation. The Sui gas field once powered industrialization, but decades of misuse, over extraction, and lack of investment turned strength into vulnerability. The Reko Digg project highlights both opportunity and challenge. With one of the world's largest copper and gold reserves, Pakistan could earn a billions over decades, but

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earlier disputes, international arbitration, and political inconsistencies delayed development. Recent agreements backed by institutions like the Asian Development Bank attempt to correct past mistakes, but the success of this project will depend on transparent contracts, fair provincial sharing, and environmental responsibility.

Pakistan's rivers, especially the Indus Basin system, offer immense agricultural potential, yet water mismanagement, poor irrigation policies, and climate stress create scarcity. Mineral rich regions like Balochistan and Gilgit Baltistan remain underdeveloped due to weak governance, lack of infrastructure and security challenges. Pakistan's real challenge is not lack of resources, but lack of strong institutions to manage them. If Pakistan strengthens governance, builds sovereign wealth mechanisms, invests in education and infrastructure, and ensure community participation, its natural resources can become engines of transformation rather than sources of conflict.

Furthermore

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and The Bottom Billion, along with extensive research by UNDP, ~~and~~ IMF, World Bank and academic journals, consistently emphasize that natural resources are not fate. Human choices, political culture, transparency, and institutional maturity are the real determinants of whether oil brings prosperity or poverty, whether minerals create millionaires or militias, and whether rivers support agriculture or trigger conflict.

In the end, natural resources act as a mirror. They reflect the moral and institutional strength of a nation. They become blessings where leaders think beyond electoral cycles, where contracts are public, where savings are protected, where people are educated, and where environment is respected. They become curses where greed triumphs over governance, where short-term political gains replace long term national planning, and where institutions are too weak to protect the public interest.

The fireworks of discovery can either ~~mark~~ mark the beginning of a new dawn or fade into the night, leaving nothing but smoke. The choice lies not beneath the soil, but in the hands that govern above it.

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wealth is a mirror. It reflects what we build, not what we find. And the palace can remain a palace only when the right mind sits on the throne.