

Natural resources and innovation

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Abstract

Using data on oil and gas endowment and patent applications at the US county level, we provide novel evidence that natural resource booms spur an increase in innovation outside the resource sector. This finding speaks against a natural resource curse that operates through reducing innovation, and provides novel evidence that economic booms raise innovation also at a very local level. Our results are driven by an increase in patenting in engineering and applied physics (including e.g. measuring devices), which suggests a link to the booming resource sector. Additional evidence indicates that the rise in local innovation may be partly explained by a relaxation of financial constraints due to the extra oil and gas revenue in boom times.