

Abstract

This study investigates the impact of fiscal decentralization, globalization, human capital, GDP, and FDI on natural resources consumption by using time series data from 1980 to 2020 in the context of Pakistan. For this purpose, this study employs ADF unit root test, Bayer-Hank cointegration test without structural breaks, Gregory-Hansen cointegration test to investigate the single potential break in the model, ARDL-bounds test to analyze the long-run co-integration between the variables with structural break, and ARDL-ECM regression with structural break to explore the short-run relationship between the variables. The empirical findings in this thesis show that fiscal decentralization in expenditure has positive and highly significant impact on natural resources consumption in the long-run and confirmed “resource blessing” in case of Pakistan as increase in natural resources rents when increase in fiscal autonomy in expenditures. Fiscal decentralization in revenue has negative and insignificant impact on natural resources consumption in the long-run and confirmed natural resources curse. This study explores the positive and significant impact of globalization on natural resources i.e. globalization is a beneficial to generate natural resources rents in both long-run and short-run and confirmed natural resources blessings until various policy measures have not been taken. Human capital index has positive and significant impact on natural resources consumption in the long-run. GDP have positive and significant impact on natural resources consumption in the long-run and short-run while FDI has negative and significant impact on natural resources consumption. Moreover, dummy of break date d_{2005} has negative and significant impact on natural resources rents. Suggested policies shed light on promoting fiscal decentralization with globalization, foreign direct investment, and GDP to raise natural rents by efficient utilization of natural resources.