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## **Testing the Dutch disease hypothesis at the subnational level: the case of Italy**

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**Abstract:** The economic impact of natural resource boom has been extensively studied at national level. Only recently, attention has been devoted to the analysis of these impact on the economic system at the subnational level. This paper contributes to this strand of literature, analyzing the impact of extractive resources exploitation (in particular natural gas and oil) at the regional level in Italy. Through a panel dataset, the hypothesis of Dutch Disease mechanisms operating at the regional level is tested. Empirical findings confirm the association between resource exploitation and displacement effects on productive factors from regional industrial sector; the large part of these effects is driven by the impact of resource exploitation on Basilicata's regional economy.

**JEL codes:** O13, Q32, Q33, R11

**Keywords:** Natural Resources, Dutch disease, Regional Development, Basilicata, Oil.