

Globalisation and conflicts: the good, the bad, and the ugly of corporations in Africa

Tommaso Sonno*

October 2017

Abstract

This article combines georeferenced data on affiliates and headquarters of multinational enterprises with information on conflicts at a spatial resolution of $0.5^\circ \times 0.5^\circ$ for all Africa between the years 2007 and 2015. Exploiting exogenous and heterogeneous variations in the headquarters performance during the crisis, this work is the first to establish a causal link between activities of multinational enterprises and violence. Results show that the activity of affiliates increasing locals' human capital significantly decreases conflict probability, while the activity of affiliates of exploitative sectors significantly increases conflict, in particular in the agriculture and forestry sectors. The channel of the latter effect is shown to be large-scale land acquisitions, i.e. land grabbing. Consistently with the theoretical framework proposed, when performed by multinational enterprises, land grabbing is more likely to induce conflict in areas with a high share of politically not represented ethnic groups.

*Université Catholique de Louvain, Center for Economic Performance (LSE) and F.R.S.-FNRS.