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Natural resources and the salience of ethnic identity

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ABSTRACT

We document a new channel of the natural resources curse: the malleability of ethnic group identities to economic shocks. We combine individual data on ethnic identification from multiple waves of the Afrobarometer surveys with geo-localized information on the contours of ethnic homelands and on the location and intensity of natural resources extraction in Africa. We study how natural resources affect the extent of ethnic (versus national) identification. Our strategy makes use of different dimensions of exposure to natural resources: time, spatial proximity, and ethnic proximity. We show that an individual's ethnic feelings get reinforced when natural resources activity increases in the homeland of his ethnic group. This result holds when controlling for local natural resources, and for individuals leaving outside their ethnic homeland. This result holds independently of the impact of natural resources on local economic conditions and conflicts. We then turn to the potential channels explaining this increase in ethnic identification, by estimating the effect of natural resources in the ethnic homeland of an individual on his perceptions of relative deprivation, economic conditions and trust in institutions.