

EXPORT CROPS AND CIVIL CONFLICT

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Abstract

Many experts see a move towards high-value export crops, such as fruits and vegetables, as an important opportunity for economic growth and poverty reduction, but little is known about the effects of export crops in fragile and conflict-affected countries. We exploit movements in world market prices combined with geographic variation in crop production to show that increases in the value of bananas, the country's biggest export crop, caused an increase in conflict violence and insurgent-controlled territory in the Philippines. This effect was concentrated in provinces where bananas are produced in large plantations with areas greater than 25 hectares. Our results are consistent with a mechanism in which insurgents fund their operations by extorting large agricultural export firms. (JEL: O13, Q17, H56, D74)

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