

Oil extraction and local development: evidence from Basilicata

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Abstract

Natural resources have always been considered as a strategic element for the location of towns and the development of their economies. Recently, however, economic literature has highlighted that the effect the abundance of natural resources has on growth is even negative. The aim of this paper is to estimate the impact of mining activities in Basilicata as a catalyst for new businesses. Through a methodology of Geographic Regression Discontinuity Design, the spatial variation of the number of companies in Lucania's municipalities has been analyzed and it has been estimated that the oil would increase the presence of about 0.01 firms per inhabitant over the whole area where royalties have side effects. By using a difference-in-discontinuities approach, the significance and the estimate of this result is maintained.

Keywords: Oil, Resource curse, Local development, Basilicata

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