

POLS 280:  
Politics of Development  
and Foreign Aid

Class 9:

Historical legacies 1 – Colonialism

# Geography vs. history

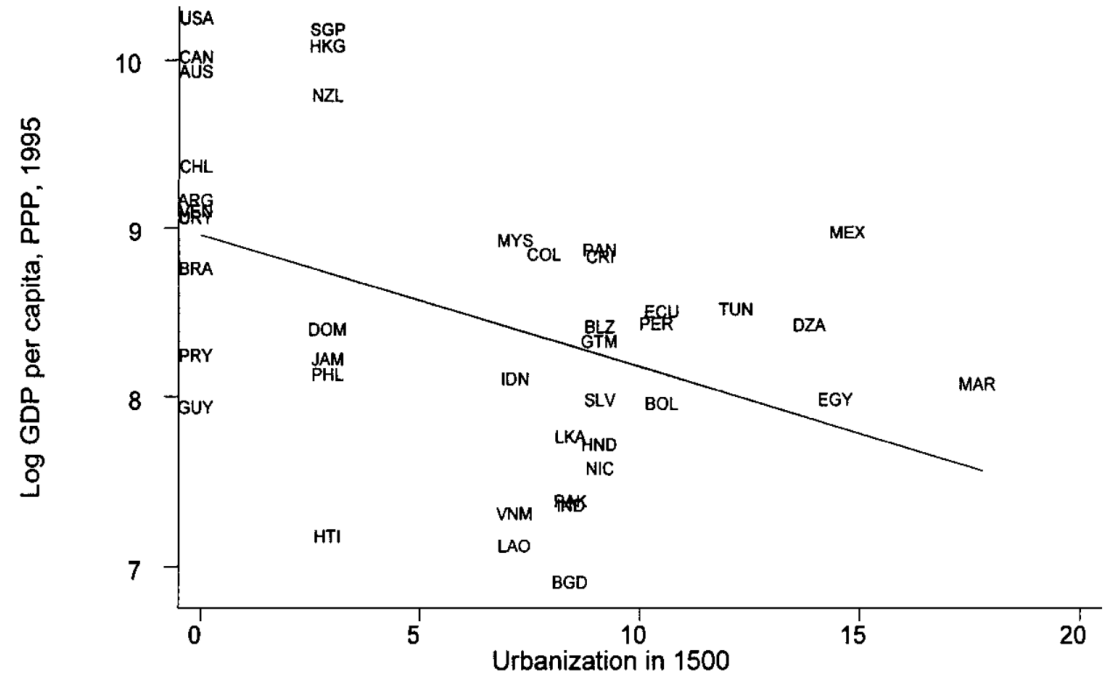
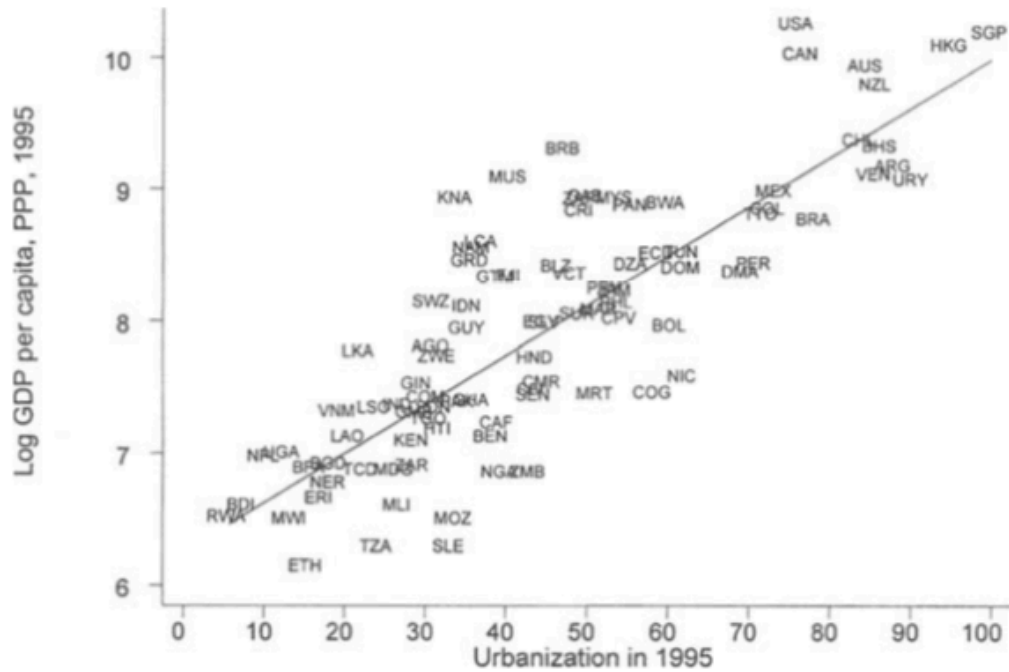
- How much does geography really explain?
- Where do institutions come from?

# Geography vs. history according to Acemoglu and Johnson

- Average household income:
  - Nogales, Arizona: USD 30,000
  - Nogales, Sonora: USD 10,000
    - Acemoglu, Daron, and James A. Robinson. 2012. *Why nations fail: the origins of power, prosperity, and poverty*. New York: Crown Publishers.



# Geography vs. history according to Acemoglu et al. (2002)



# Geography vs. history according to Acemoglu et al. (2002)

- “Reversal of fortune”:
  - In 1500, civilizations in Meso-America, the Andes, India, and Southeast Asia were richer than those located in North America, Australia, New Zealand, or the southern cone of Latin America
  - 500 years later, the reverse is true

What explains the  
reversal of fortune?

# Reversal of fortune

- Institutions
- Exploitation through colonialism

What is colonialism?



# Colonialism and imperialism

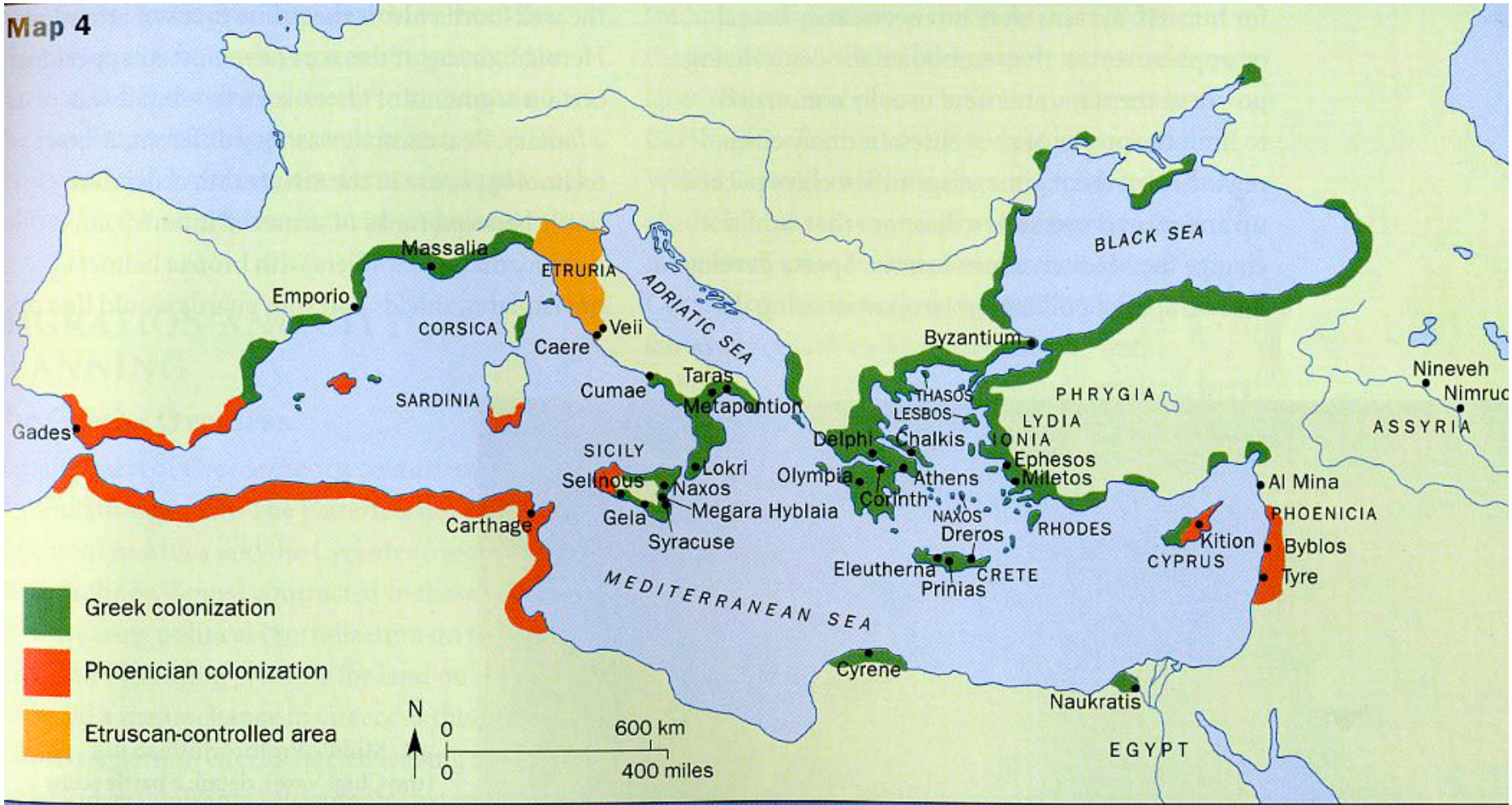
- Colonialism: the policy or practice of acquiring full or partial political control over another country, occupying it with settlers, and exploiting it economically
- Imperialism: the policy of extending a country's power and influence through diplomacy or military force

- *From New Oxford American Dictionary*

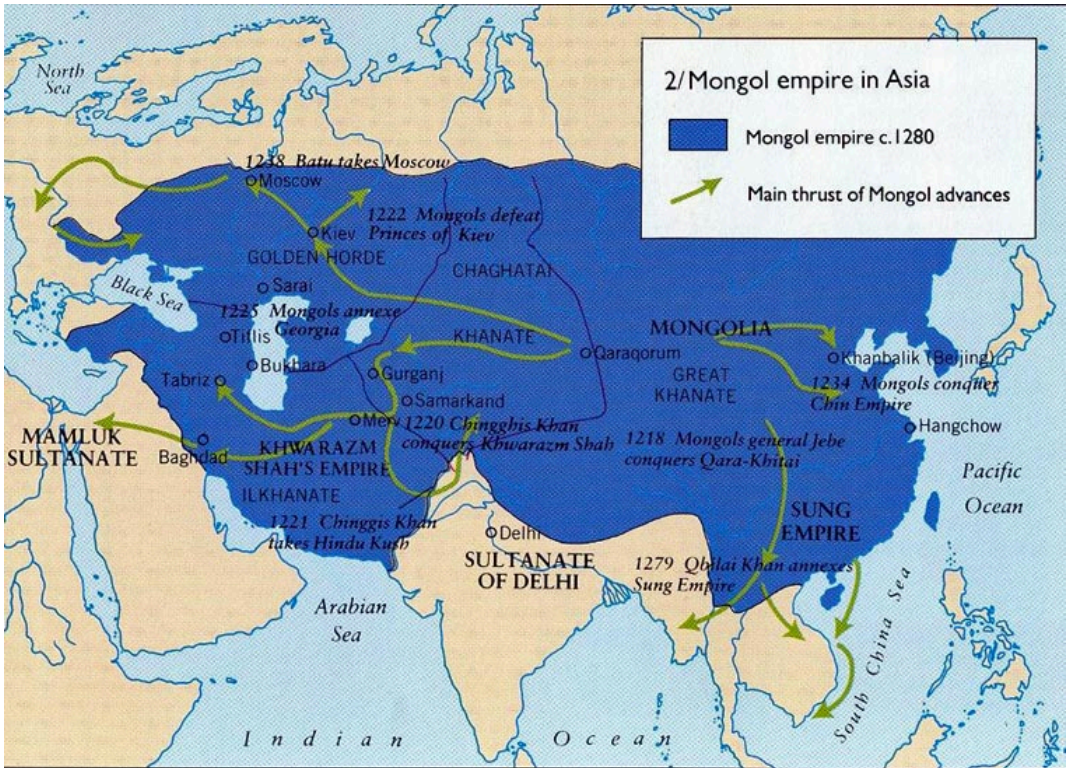
# Colonialism and imperialism

- What's the difference?
  - Edward Said:
    - Colonialism: “implanting of settlements”
    - Imperialism: “the practice, the theory and the attitudes of a dominating metropolitan center ruling a distant territory”
      - Said, Edward W. 1994. *Culture and imperialism*. New York: Vintage Books.
  - Robert Young:
    - Colonialism: creation of settlements and commercial operations
    - Imperialism: state policy operated from the center for both economic and ideological reasons
      - Young, Robert. 2001. *Postcolonialism: an historical introduction*. Oxford, UK: Blackwell Publishers.
  - Lenin: imperialism as the highest, necessary stage of capitalism
    - Lenin, Vladimir Il'ich. 1939. *Imperialism, the highest stage of capitalism: a popular outline*. New York: International Publishers.

# History of colonialism



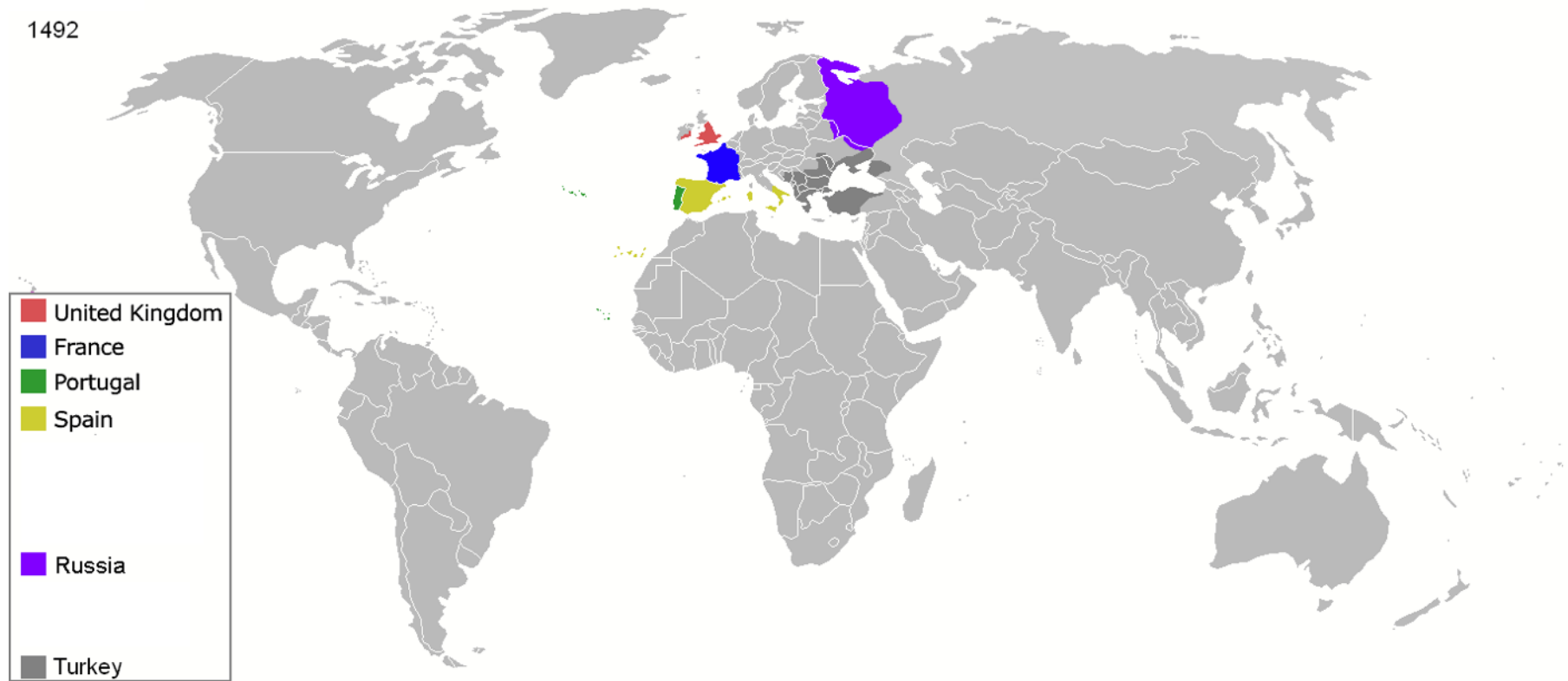
# History of imperialism



# History of imperialism

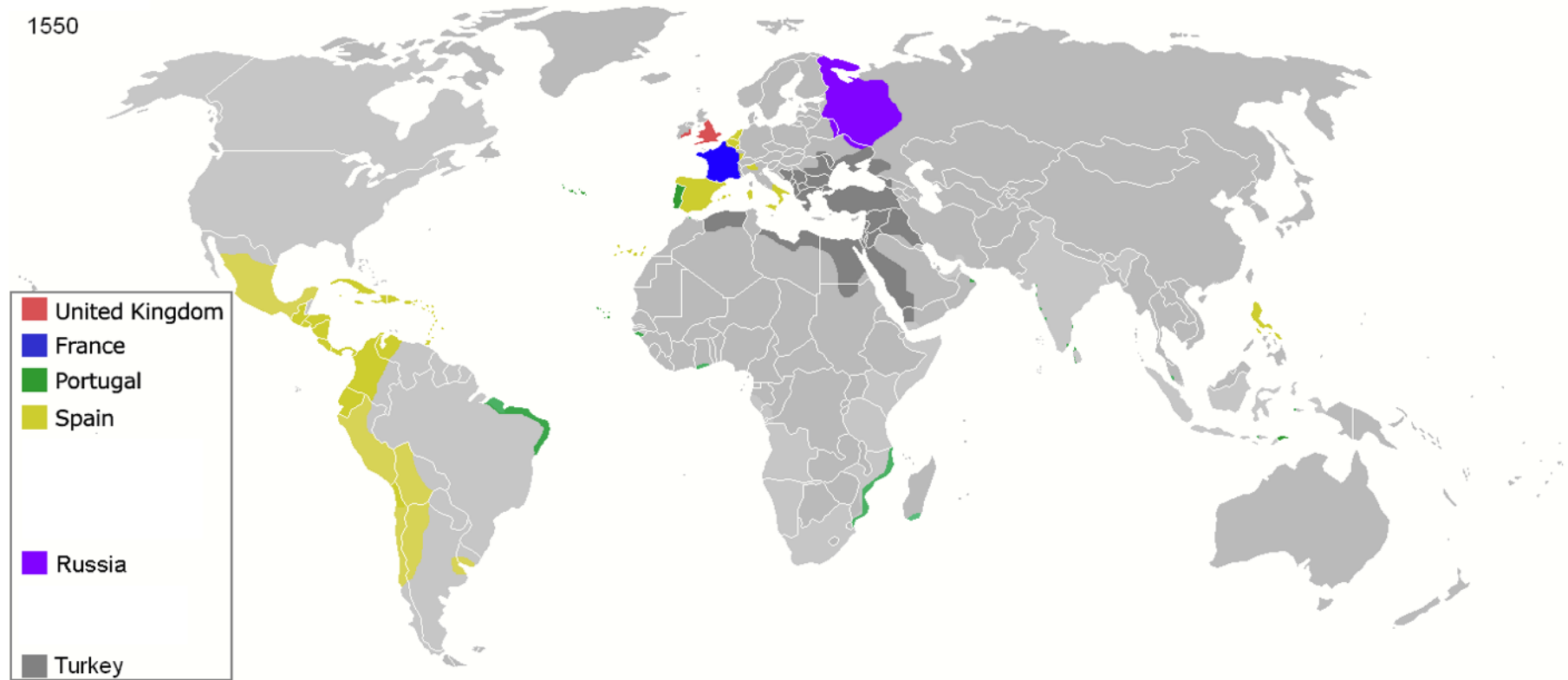


# European colonialism / imperialism

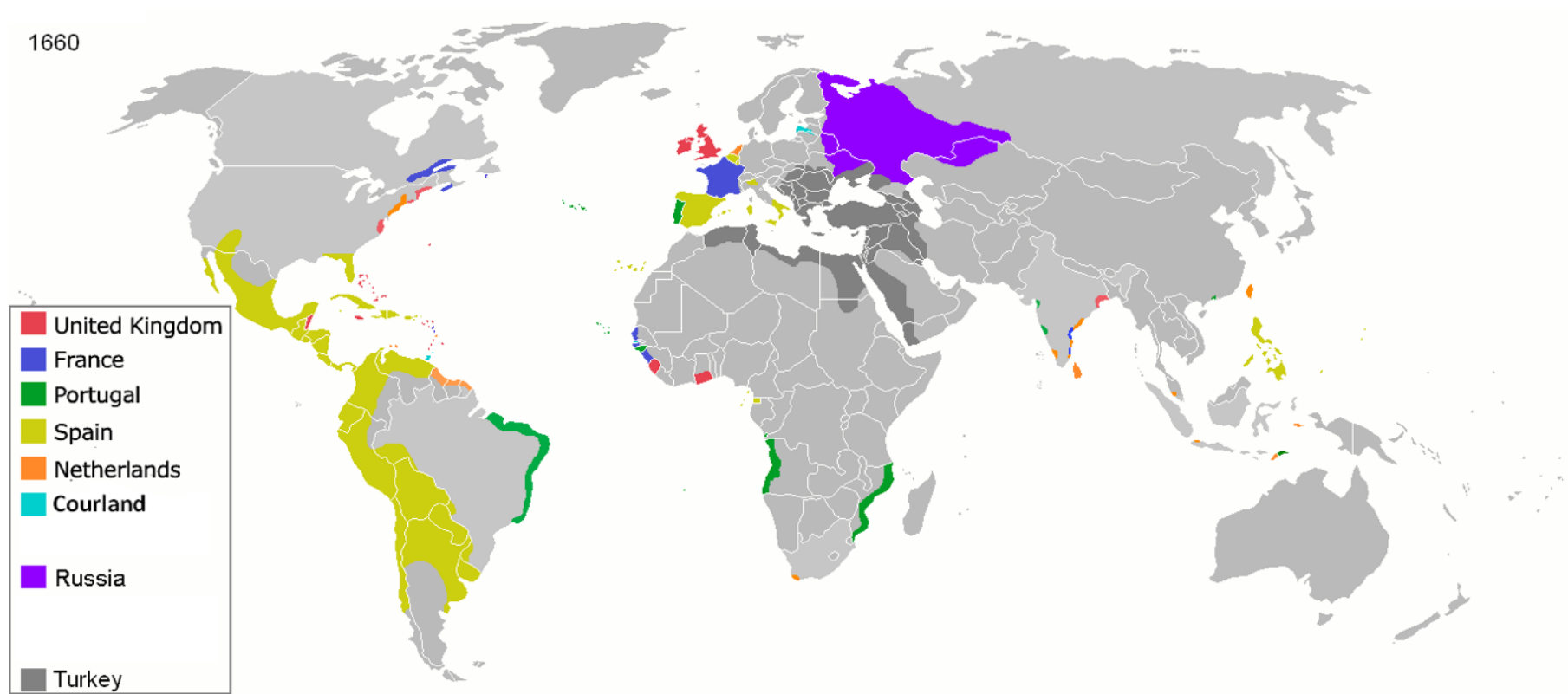


# European colonialism / imperialism

1550

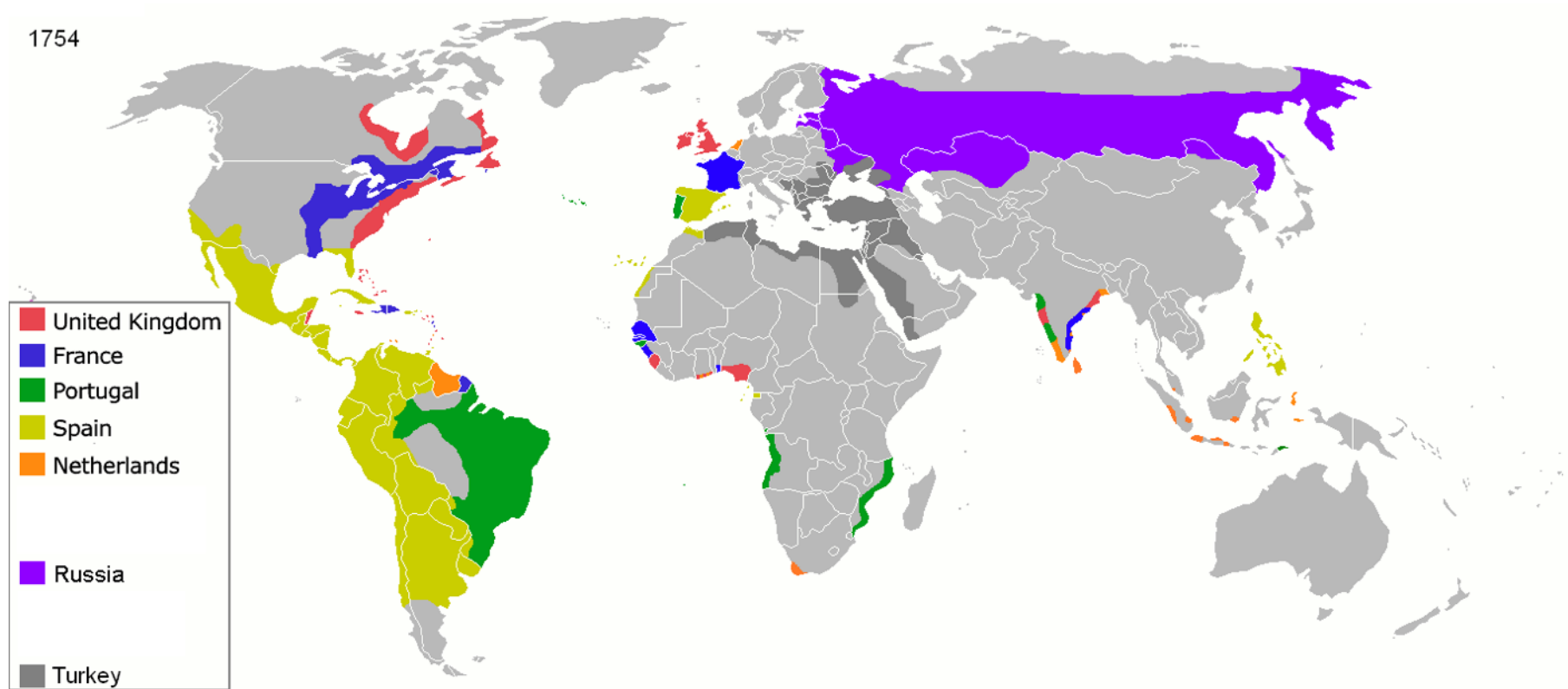


# European colonialism / imperialism

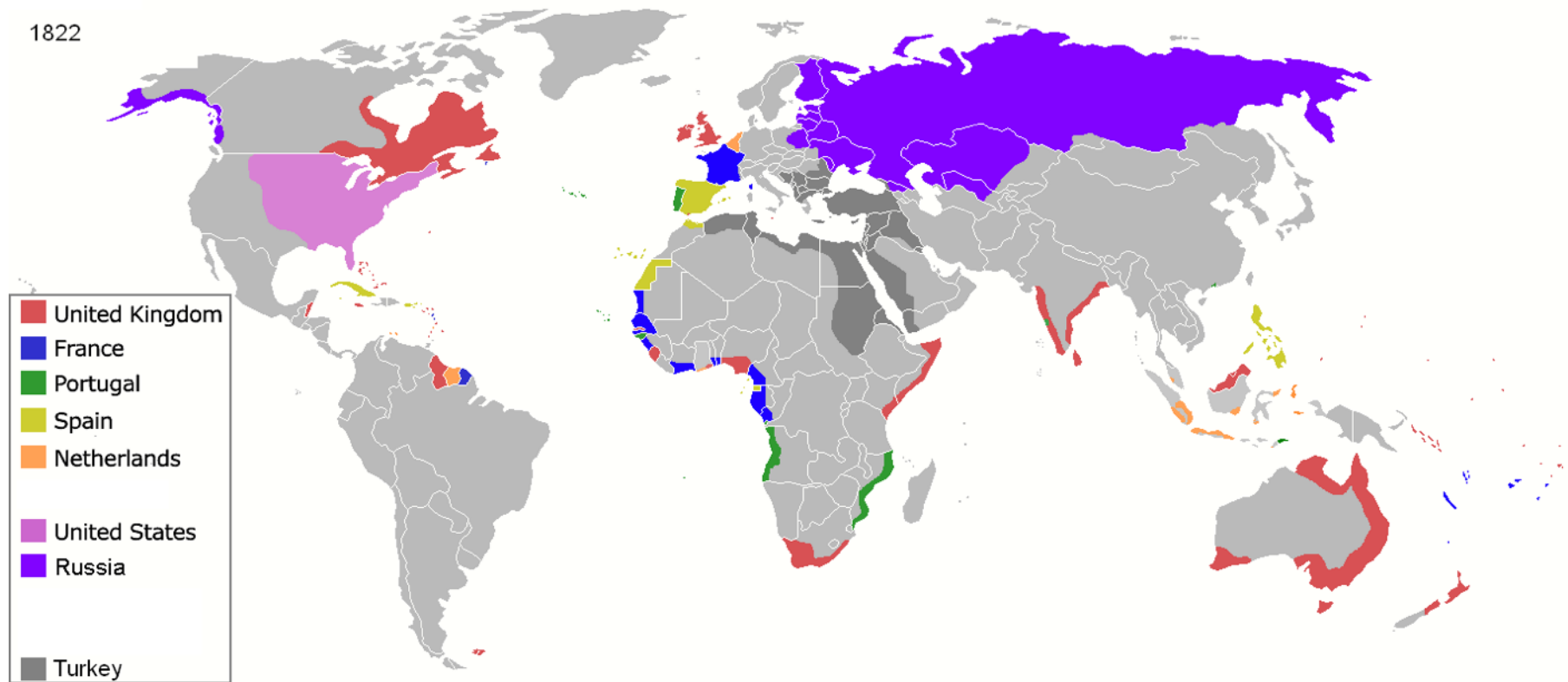




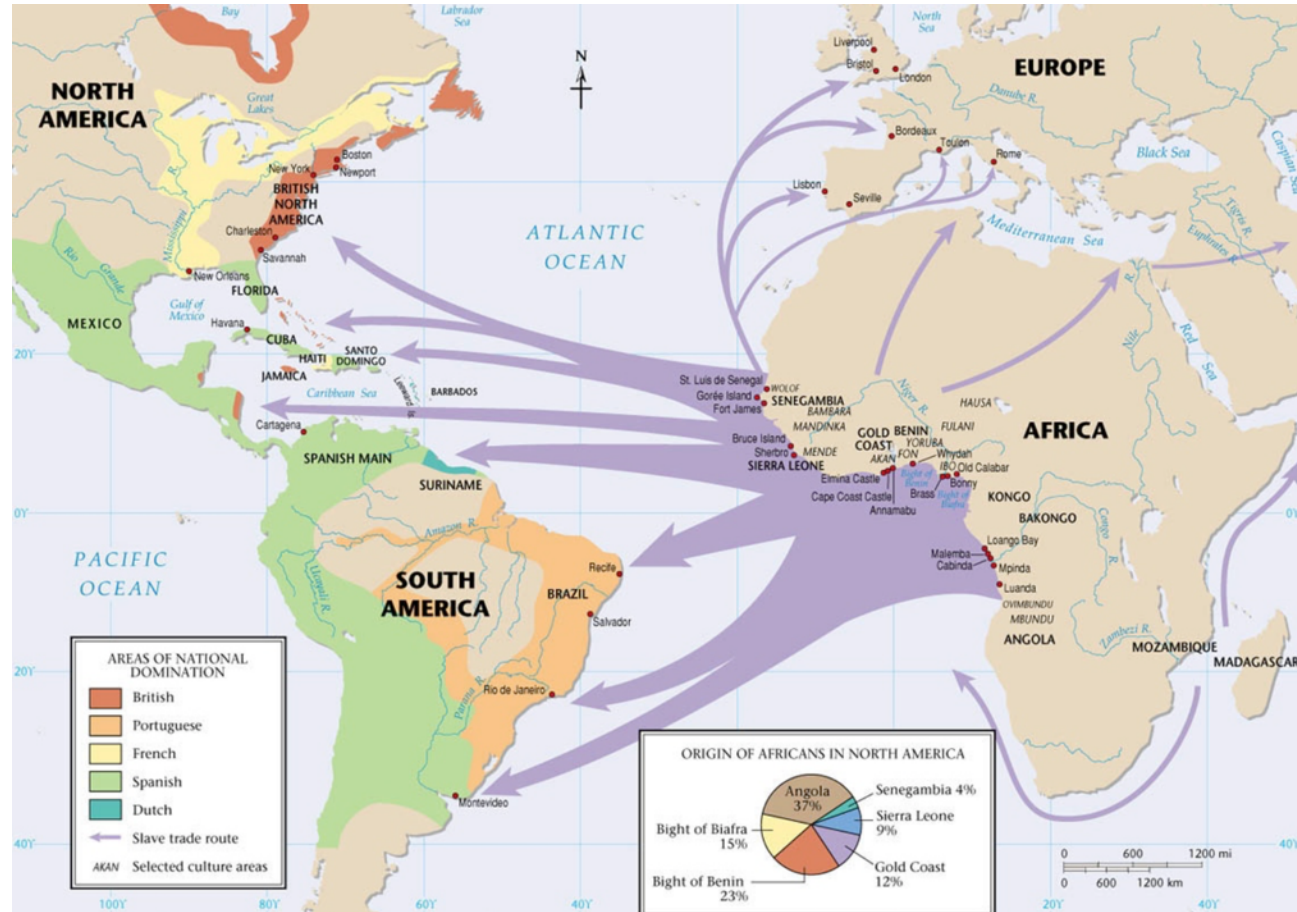
# European colonialism / imperialism



# European colonialism / imperialism



# Slave trade

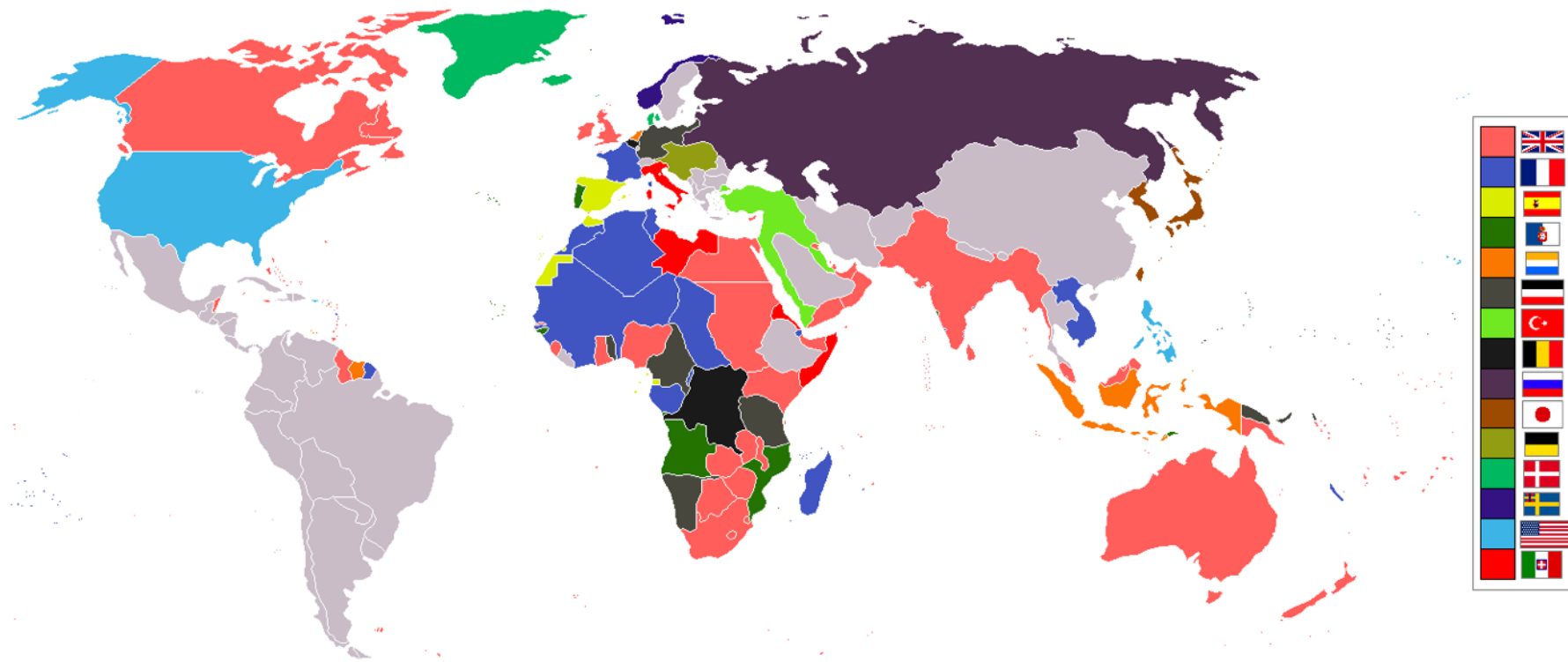


What were the causes of  
early modern European  
colonialism / imperialism?

# Causes of early modern European colonialism / imperialism

- Economic
- International relations / balance of power
- Religious / ideological

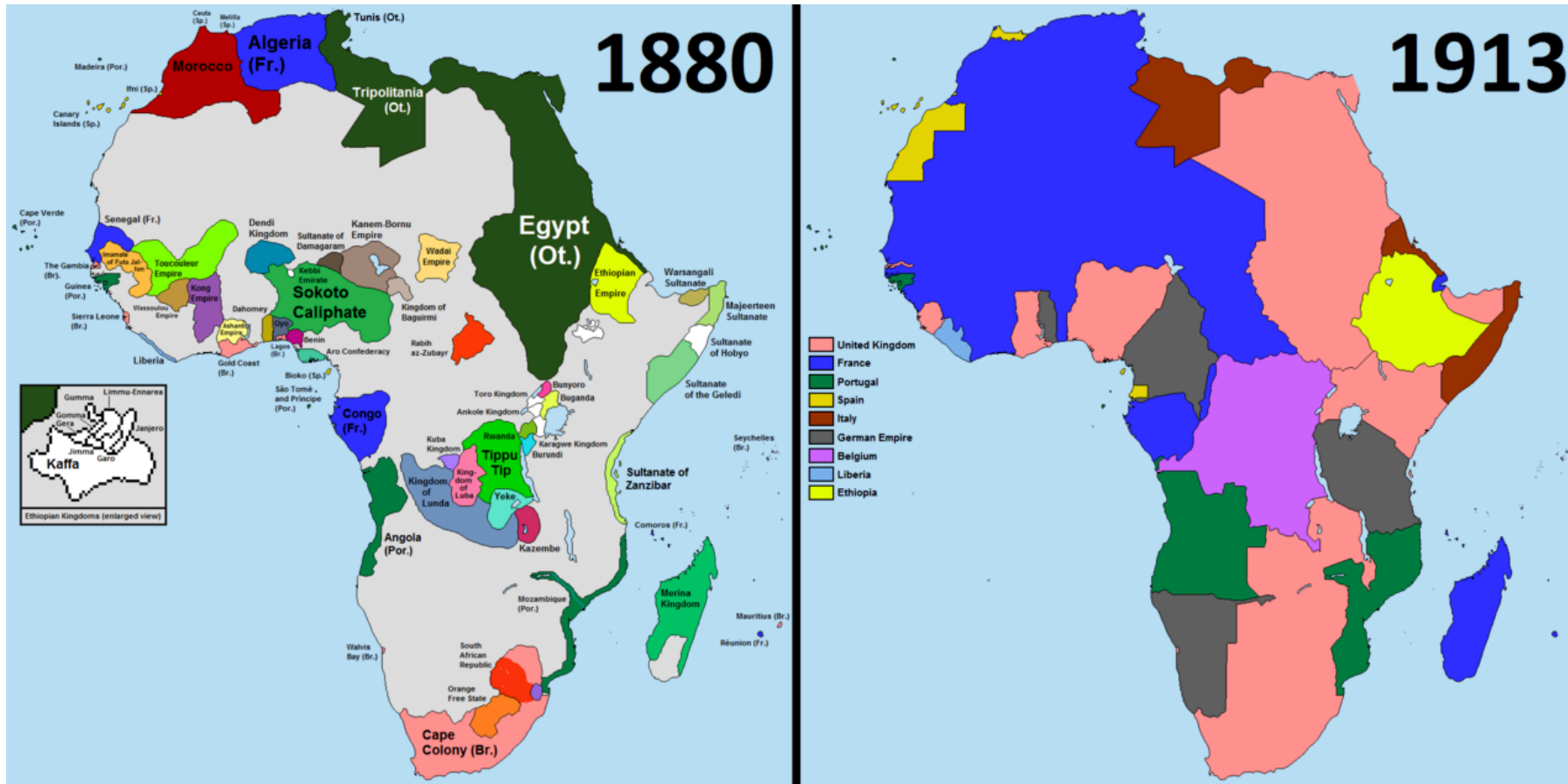
# High / new imperialism



# Causes of new imperialism

- Accumulation theory:
  - Industrial revolution →
  - Accumulation of surplus →
  - Competition limited market in Europe →
  - Expansion to areas with lower labor costs, unexploited raw materials, and little competition
  - Lenin: imperialism as the highest (last) stage of capitalism
- European balance of power

# Scramble for Africa





# Why was Africa colonized so late?

- Disease environment (especially malaria) -> quinine
- Inaccessibility / distance -> steamboats
- Relative lack of established states (complicating conquest) -> guns
- Cost vs. benefit calculation
  - Inaccessibility + poor agricultural yields
  - Reduction of cost through either indirect rule (UK) or subsidization of European colonial officials' salaries by locals:
    - "French West Africa's colonization took only 0.29 percent of French annual expenditures, including 0.24 percent for military and central administration and 0.05 percent for French West Africa's development. For West Africans, the contribution from French taxpayers was almost negligible: mainland France provided about 2 percent of French West Africa's revenue. In fact, colonization was a considerable burden for African taxpayers since French civil servants' salaries absorbed a disproportionate share of local expenditures."
      - Huillery, Elise. 2014. "The Black Man's Burden: The Cost of Colonization of French West Africa." *The Journal of Economic History* 74 (1): 1-38.
- European balance of power

What impacts has colonialism had?

# Impacts of colonialism: extraction and enrichment

- India, 1765-1938, \$45 trillion →
- Cause of India's relatively limited level of development? →
- Underdevelopment and dependency theories

## How Britain stole \$45 trillion from India

*And lied about it.*

by Jason Hickel  

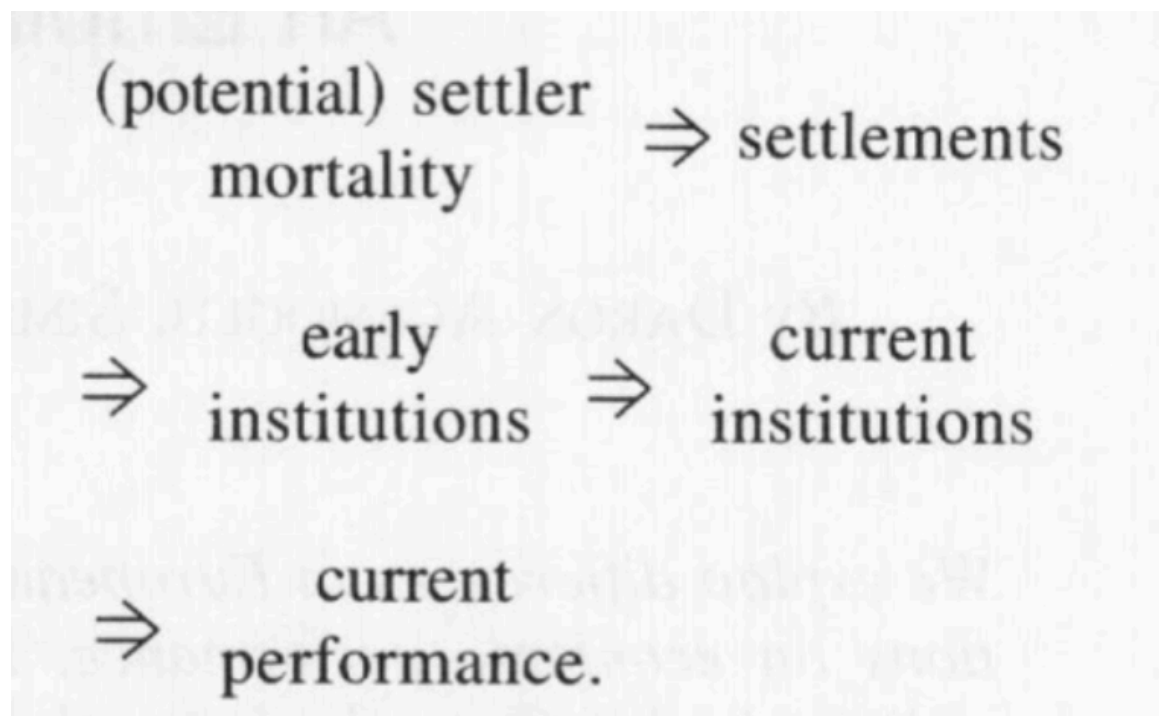
19 Dec 2018



Lord Louis Mountbatten, the last Viceroy of India, and his wife, Lady Edwina Mountbatten, ride in the state carriage towards the Viceregal lodge in New Delhi, on March 22, 1947 [File: AP]

Why did the British focus on resource extraction in India, and not in the US and other 'Western offshoots' according to Acemoglu et al. (2001)?

# Impacts of colonialism: new institutions according to Acemoglu et al. (2001)



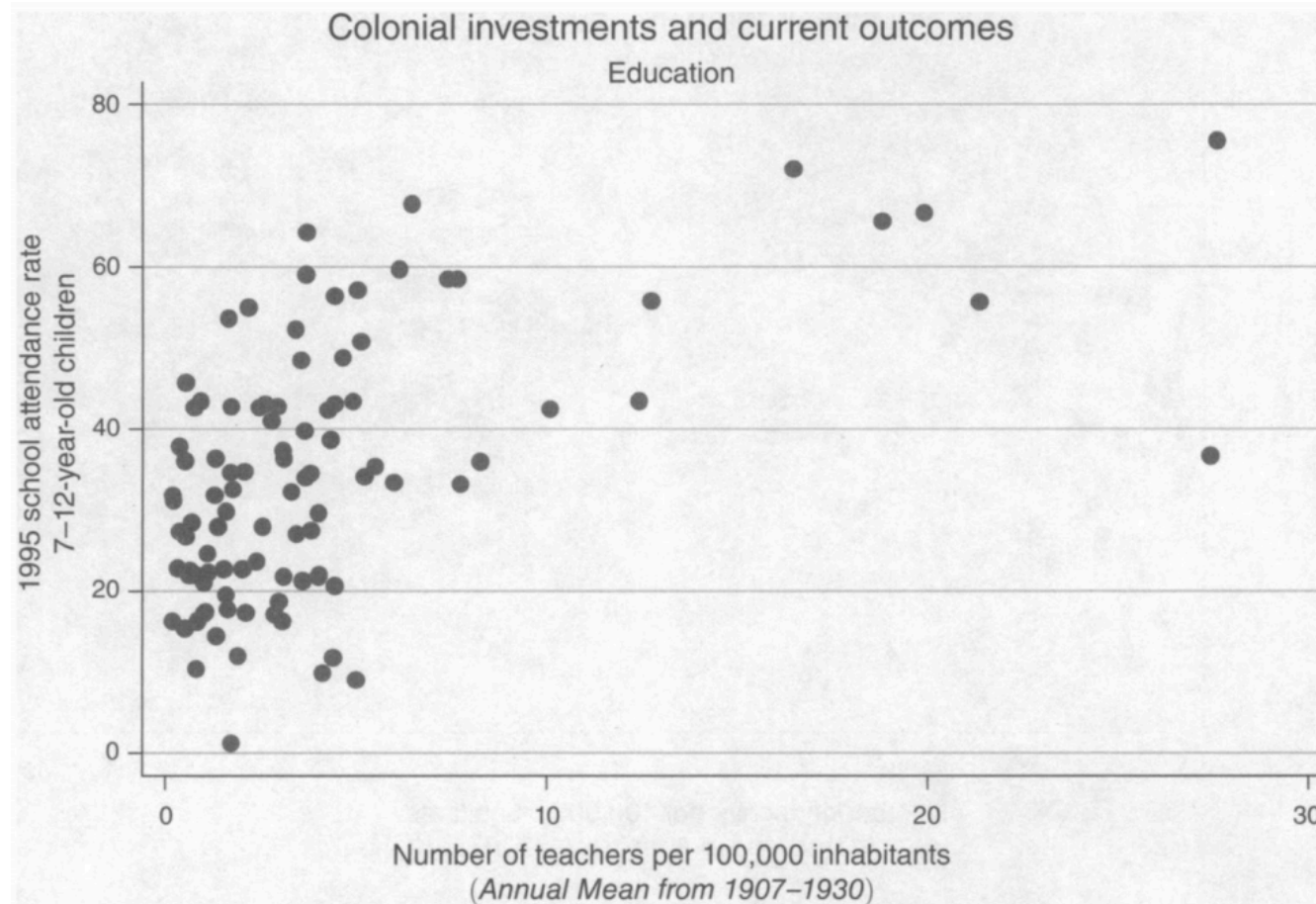
# Impacts of colonialism: new institutions according to Acemoglu et al. (2002)

- Differential profitability of alternative colonization strategies in different environments:
  - Extractive institutions that concentrate power in the hands of a small elite in prosperous and densely settled areas (forced labor in mines and plantations, excessive taxation)
  - Institutions of private property (i.e. inclusive institutions) in previously sparsely settled areas that saw European settlement (encouragement of commerce, and industry through secure property rights)
- Institutional reversal → reversal in relative incomes
  - Acemoglu, Daron, James Robinson, and Simon Johnson. 2002. "Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution." *Quarterly Journal of Economics* 117(4): 1231-1294.

# Other impacts of colonization

- Disruption of previous economic, political, and social order
- Violent conquest
- Subjugation
- Outside economic control and reorganization of systems of ownership and production
- Extraction of labor and resources
- Construction of new polities
- Creation of new elites
- Some investment in public goods
- Increase in trade and economic integration

# Impacts of colonialism: public goods



Huillery, Elise. "History Matters: The Long-Term Impact of Colonial Public Investments in French West Africa." *American Economic Journal: Applied Economics* 1, no. 2 (2009): 176-215.

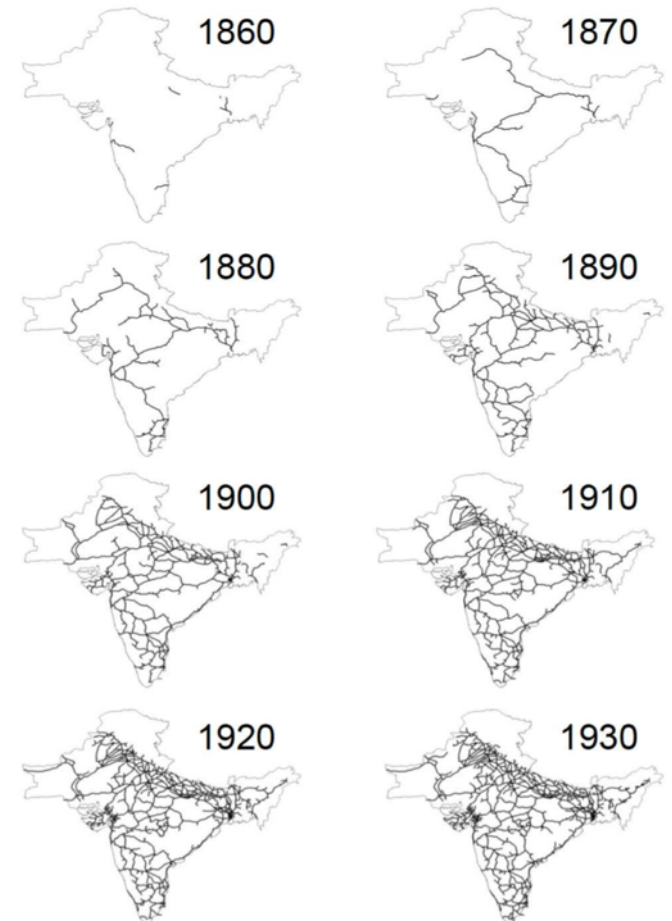


# Impacts of colonialism: public goods

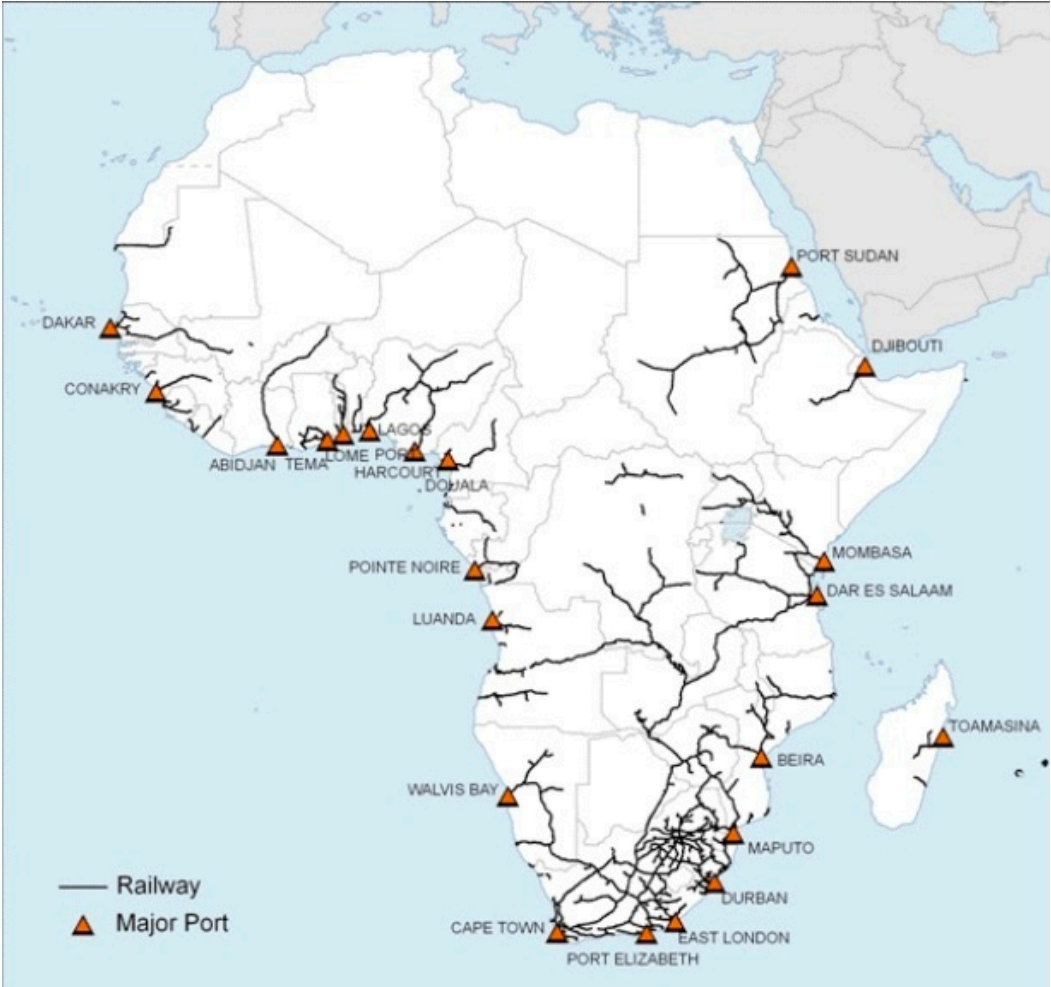
- Railways in India:

- Decreased trade costs and interregional price gaps
- Increased interregional and international trade
- Eliminated the responsiveness of local prices to local productivity shocks (but increased the transmission of these shocks between regions)
- Increased the level of real income (but harmed neighboring regions without railroad access)
- Decreased the volatility of real income

- Donaldson, Dave. 2010. "Railroads of the Raj: Estimating the Impact of Transportation Infrastructure." NBER working paper.



# Impacts of colonialism: public goods



# Impacts of colonialism: slave trade

- Nunn:
  - “If the slave trades had not occurred, then 72% of the average income gap between Africa and the rest of the world would not exist today, and 99% of the income gap between Africa and other developing countries would not exist.”
    - Nunn, Nathan. 2008. “The Long-Term Effects of Africa’s Slave Trades.” *Quarterly Journal of Economics*, 123(1): 139–76.

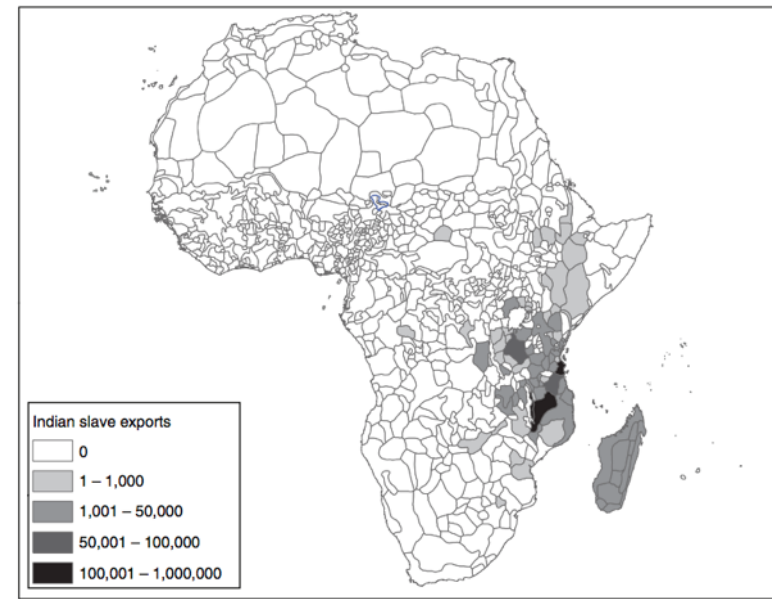
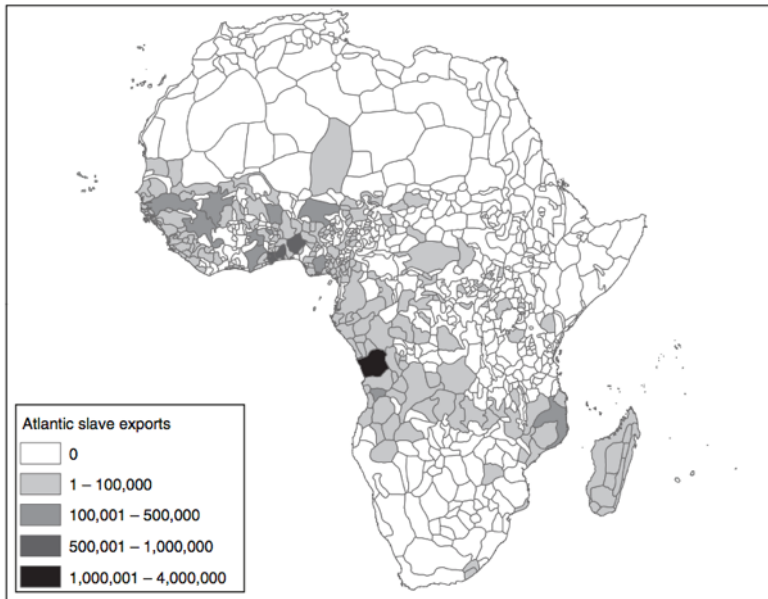


# Impacts of colonialism: slave trade

- Nunn and Wantchekon:

- Individuals' trust in their relatives, neighbors, coethnics, and local government is lower if their ancestors were heavily affected by the slave trade

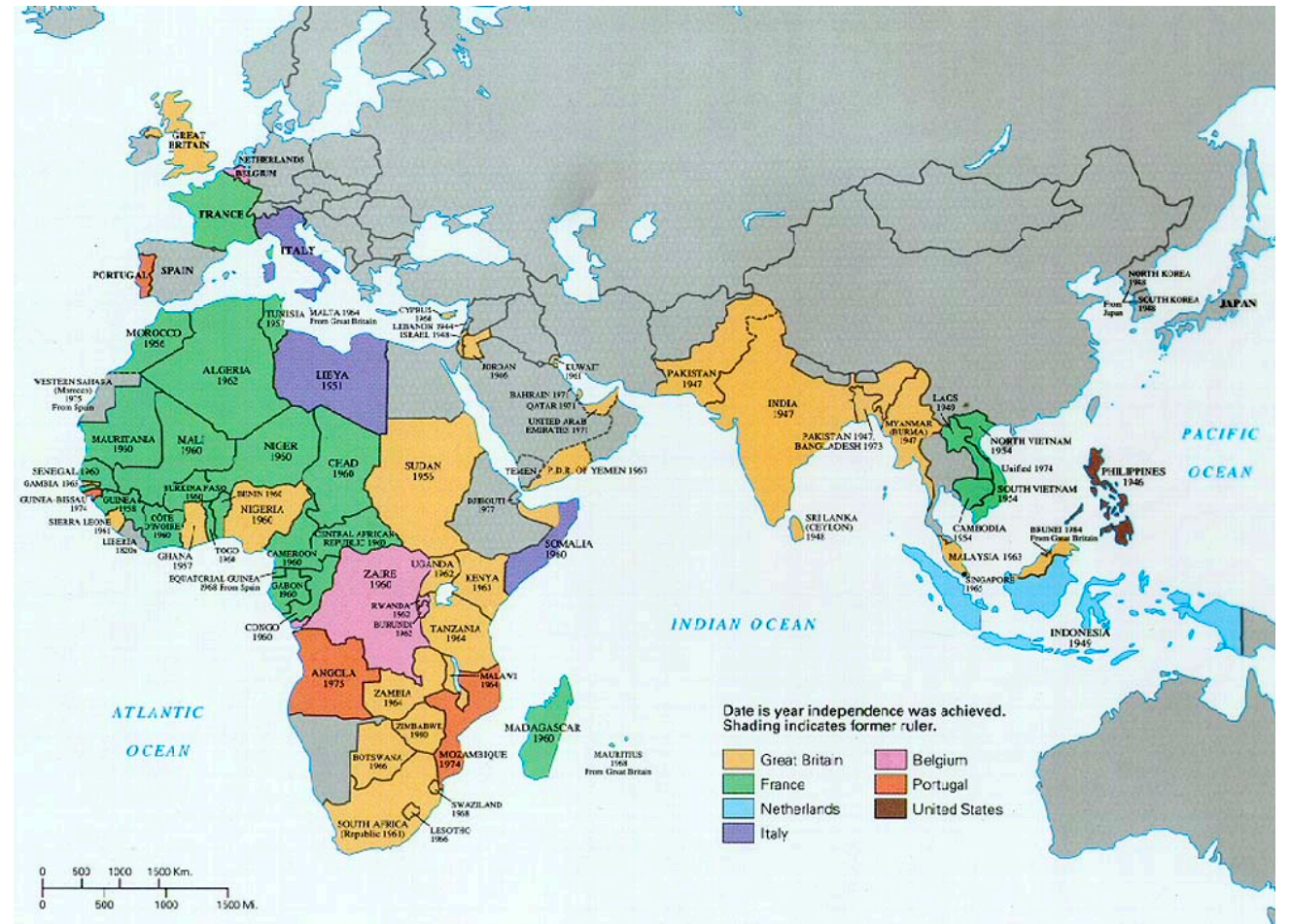
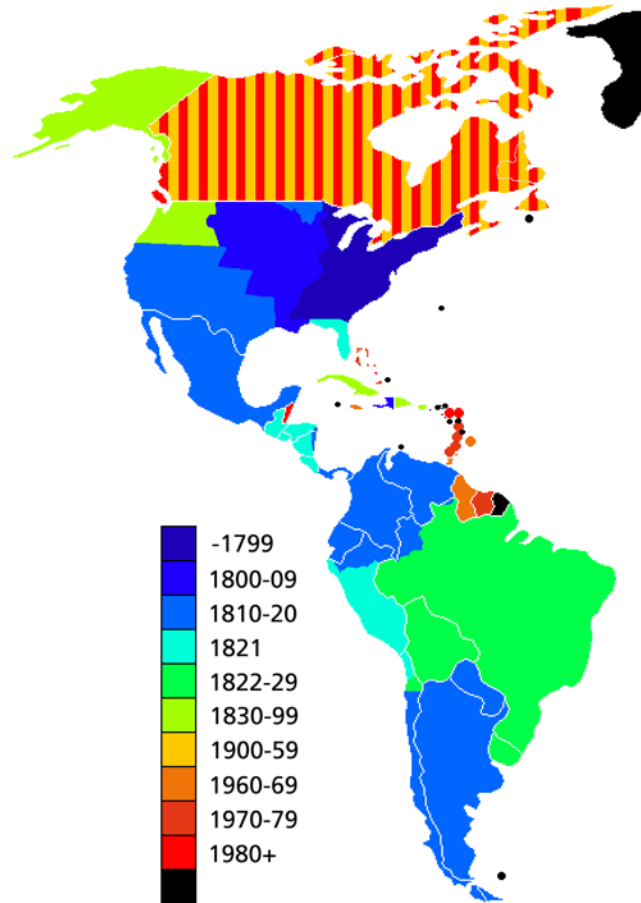
- Nunn, Nathan, and Leonard Wantchekon. 2011. "The Slave Trade and the Origins of Mistrust in Africa." *American Economic Review* 101 (7): 3221–52.



# Impacts of colonialism: slave trade

- Africa's population in mid-19<sup>th</sup> century reduced by half as a result of slave trade
  - Manning, Patrick. 1990. *Slavery and African life: occidental, oriental, and African slave trades*. Cambridge: Cambridge University Press.
- Recap:
  - Bloom et al.: low population density as one of the causes of Africa's long-term growth crisis
    - Bloom, David, et al. 1998. "Geography, Demography, and Economic Growth in Africa." *Brookings Papers on Economic Activity* 2: 207-295.
  - Herbst:
    - "The fundamental problem facing state-builders in Africa—be they pre-colonial kings, colonial governors, or presidents in the independent era—has been to project authority over inhospitable territories that contain relatively *low densities of people*."
    - Slave trade + Africa's geography → high cost of expanding the infrastructure of power → weak states → low levels of economic development
      - Herbst, Jeffrey. 2000. *States and Power in Africa: Comparative Lessons in Authority and Control*. Princeton: Princeton University Press.

# Impacts of colonialism: creation of new polities



# Impacts of colonialism: creation of new polities

- Artificial states and artificial borders:
  - 80% of non-coastal African borders follow latitudinal and longitudinal lines
    - Map from Alesina, A., Easterly, W. and Matuszeski, J. 2011. "Artificial States." *Journal of the European Economic Association*, 9: 246–277.

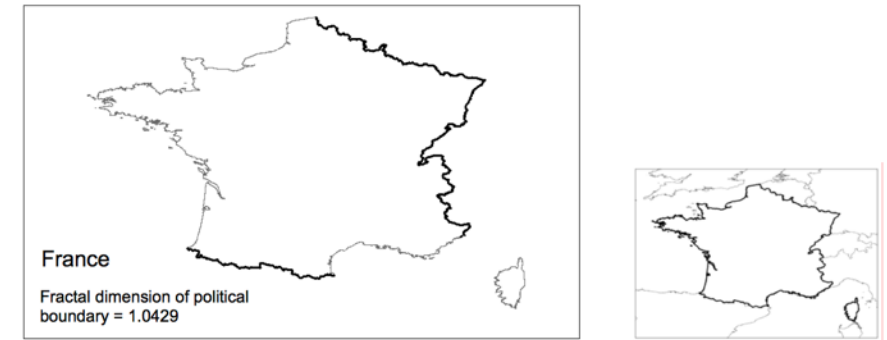
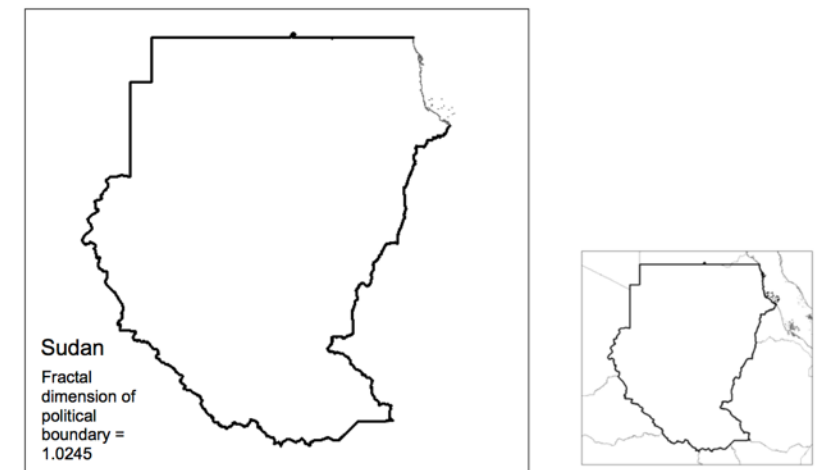


Figure 1a – France, with political boundaries highlighted at left



# Impacts of colonialism: creation of new elites

- European
  - Colonial officials
  - Settlers
- Local, e.g.:
  - Zamindari in British India
  - Chiefs in British colonies in Africa
    - Invention of tribalism





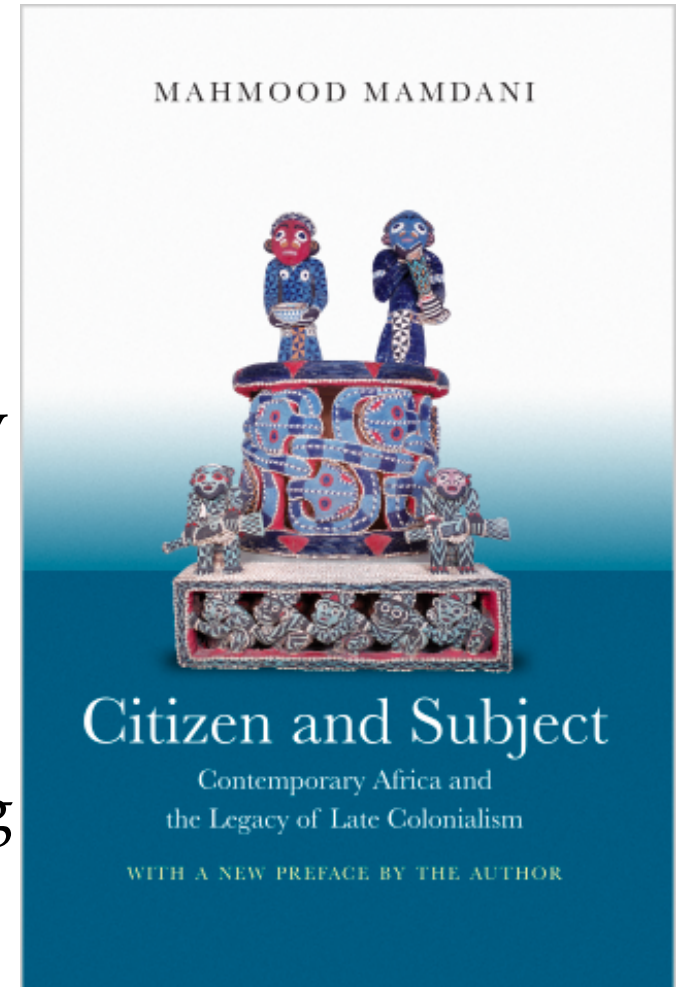
# Impacts of colonialism: state power according to Mamdani

- Fundamental question of colonial rule: How to organize a colonial state in such a way that a small foreign minority can rule over the indigenous majority?
- The answer: decentralized despotism and bifurcated state
- Bifurcated state:
  - In urban areas: direct rule over 'citizens' — above the writ of customary laws, enjoying some civil liberties, and mostly white
  - In rural areas: indirect rule of 'subjects' by local chiefs (appointed or invented by colonial authorities) using 'customary law' →
    - "More than any other colonial subject, the African was containerized, not as a native, but as a tribesperson"

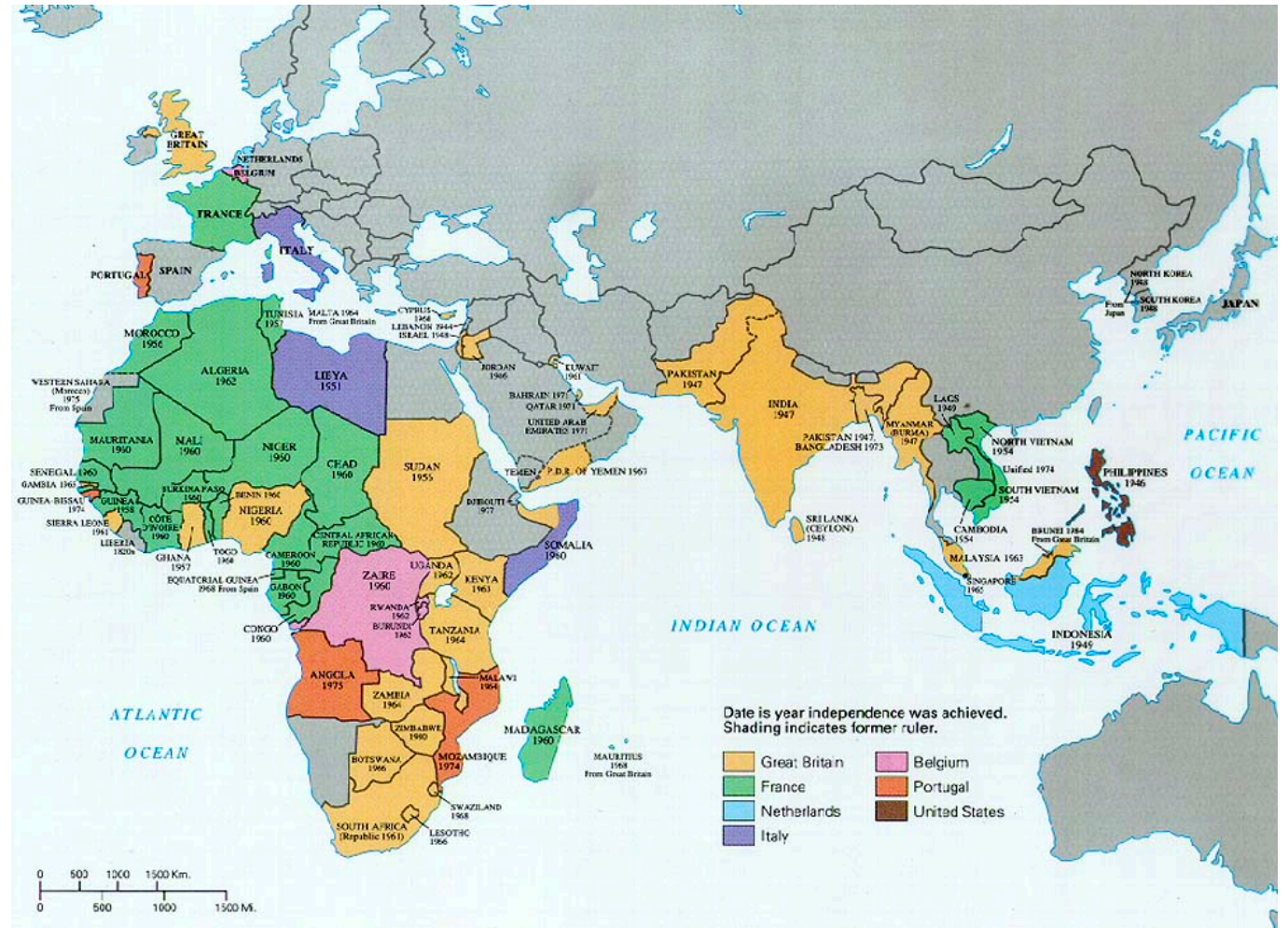
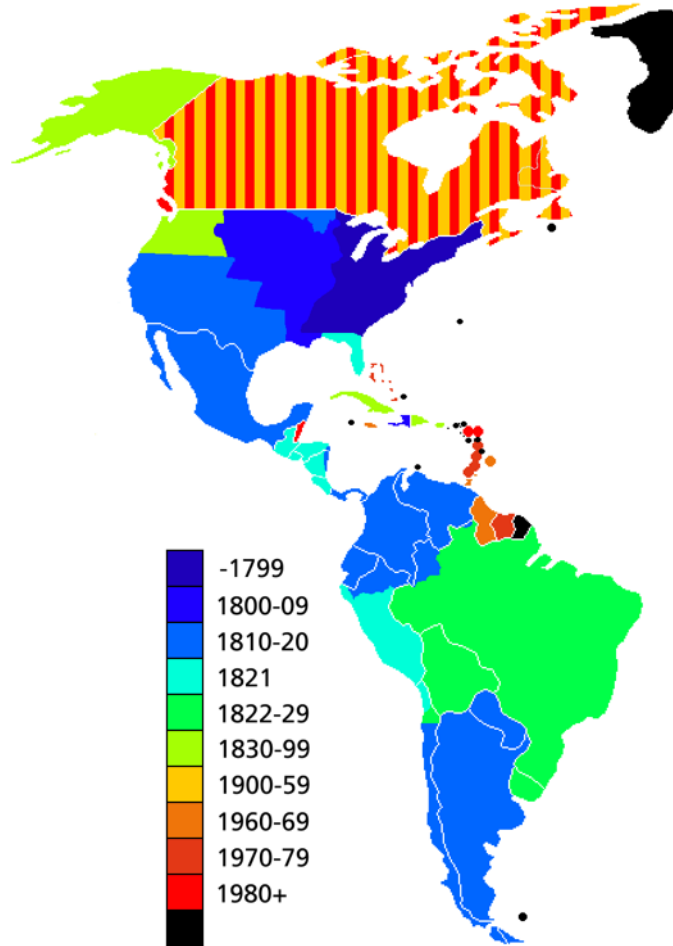


# Impacts of colonialism: state power according to Mamdani

- Decolonization:
  - Successful Africanization of bureaucracy
  - Failure to detribalize and democratize the countryside →
- Ethnicization: rural and urban popular resistance to decentralized despotism inevitably took an ethnic form as 'tribal' political organization
- Postcolonial regimes:
  - Either continuation of decentralized despotism or attempt to reform it through centralization, resulting in centralized despotism
    - Mamdani, Mahmood. 1996. *Citizen and subject: contemporary Africa and the legacy of late colonialism*. Princeton, N.J.: Princeton University Press.



# Decolonization

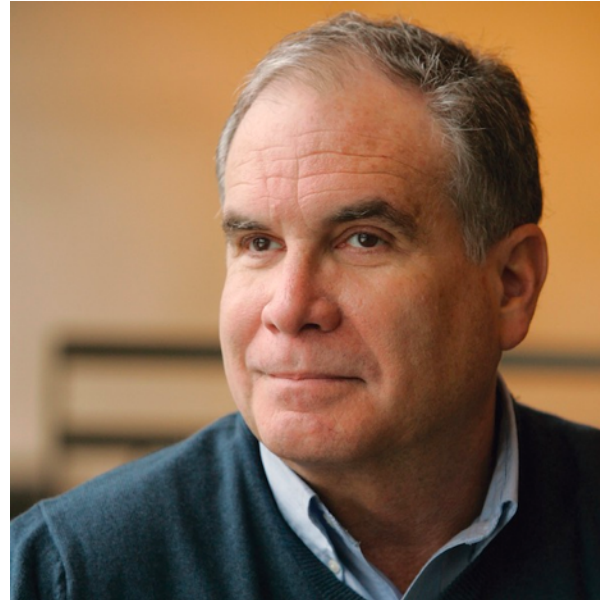
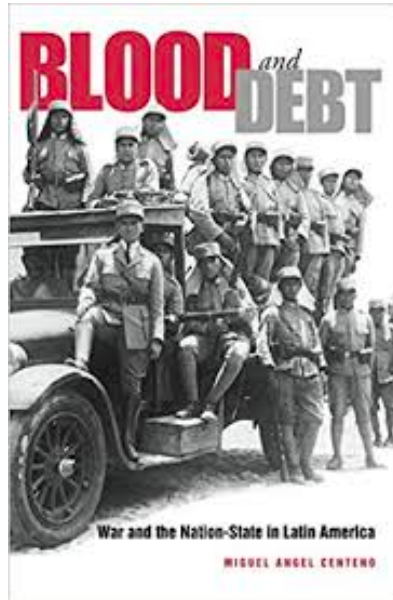


# Postcolonial legacies of colonialism

- Lack of preparation and abrupt departure of colonial rulers
- Limited human capital
- Very limited (and frequently nonexistent) infrastructure
- Little social cohesion / national identity
- Lack of institutionalization, including weak bureaucracies →
  - Neopatrimonialism:
    - “Power was personalized because it was never properly institutionalized.”
      - Van de Walle, Nicolas. 2001. *African Economies and the Politics of Permanent Crisis, 1979-1999*. Cambridge: Cambridge University Press.
- Weak states protected by the international system

# International relations in the global South

- Tilly: “war made the state and the state made war”
  - Tilly, Charles. 1975. “Reflections on the History of European State Making.” In Charles Tilly (ed.), *The Formation of National States in Western Europe*. Princeton: Princeton University Press.
- Centeno: blood and debt in Latin America vs. blood and iron in Europe
  - Centeno, MA. 1997. “Blood and Debt: War and Taxation in Nineteenth-Century Latin America.” *American Journal of Sociology* 102 (6): 1565–1605.



# International relations in the global South

- Jackson and Rosberg:
  - Quasi-states and negative sovereignty in Africa
  - Positive sovereignty: capabilities “which enable governments to be their own masters”
  - Negative sovereignty: formal legal condition that ensures freedom from external interference
  - ‘Quasi-states:’ juridical independence (negative sovereignty), but only limited empirical statehood (positive sovereignty)
    - Jackson, Robert H., and Carl G. Rosberg. 1982. “Why Africa’s Weak States Persist: The Empirical and the Juridical in Statehood.” *World Politics* 35 (1): 1–24.

# Roots of the African international system

- Norms of sovereignty / Westphalian system
- Cold War:
  - Fear of escalation →
  - Non-interference
  - Territorial integrity
- Economics interests of the global North → dependency / underdevelopment theories

# Takeaways

- Influence of historical processes on development through:
  - Exploitation → underdevelopment and dependency theories
  - Institutions → institutionalism