Colonial legacies and development paths in the global south

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From the 16th century onwards, European powers managed to take territorial control over vast areas across the globe. Scholars have for long argued that the establishment of European colonialism greatly contributed to the unequal global income distribution we observe today (e.g. Rodney 1973, Austin 2010, Acemoglu and Robinson 2012. Easterly and Levine 2012). It remains fashionable to refer to the role of colonial legacies to understand the development paths of the global south. Despite this, we generally lack in-depth study that identify the mechanisms and links between colonial and post-colonial socio-economic structures.

The aim of the session is to invite papers that discusses the role of colonial legacies for development paths in the global south from a theoretical and/or empirical perspective. We especially welcome papers that provides single-case in-depth studies that ties colonial post-colonial political/economic and/or social structures to various post-colonial outcomes, including poverty, inequality, economic growth and economic strategies/policies.

Structural adjustment and de-industrialisation in the periphery: Africa and Latin America compared

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The role of Structural Adjustment Programs (hereafter, SAP) in fostering sustained economic development in the developing world was widely debated among economists in the 1990s. Much of the debate focus on the effects SAP have had on growth and poverty levels as well their effects on FDI inflows and access to public goods. What is striking is that very little of this debate was dealing with what use to be the core issue in development economics, i.e. how SAP affected structural change, or more specifically, the effects on manufacturing growth in the periphery. In recent years, we have witnessed a renewed interest in industrial policy and structural change in development economics (De Vries, Timmar, De Vries 2015, McMillan and Heady 2014, Bértola and Ocampo 2012, Bértola 2020, Enache, Ghani and O'Conell 2016). This paper contributes to this literature by comparing the effects SAP had on manufacturing growth in a number of selected countries in Latin America (Argentina, Brazil, Chile and Uruguay) and Africa (Ghana, Kenya, Zimbabwe and South Africa). We estimate the effects of SAPs through several indexes, such as labor employment in the manufacturing sector, share of the industry in the whole economy and complexity indicators.

Despite representing a varied set of economies in terms of diversification and income levels we find that all experienced de-industrialisation and/or stagnation of manufacturing growth. While, not being the driving force the SAP programs mediated and strengthened the negative effects that the restructuring of the global economy had on the economies in Africa and Latin America.

African and Asian High-Income Earners in Kenya's Colonial Wage Sector, 1914-1960

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The shock imposed by the process of colonialization and the subsequent transformation of the economy of the Kenya Colony produced socio-economic differentiation on novel levels along the racial divides between Europeans, Asians and Africans. Following the recent boom of top income literature, studies aiming at investigating high-income earners in the colonial economies utilizing tax records have largely captured the European elites. The current study examines closer the groups of the non-European high-income earners in the Kenyan wage sector for the period of 1914 to 1960. This is accomplished by reviewing and updating the work of Arne Bigsten, who created the first social tables for Kenya in 1987. The data used in the study is collected from the primary sources including colonial Blue Books and various Government Reports and Censuses. This data is supplemented by the newly published population and GDP figures for Kenya. Inequality trends are measured using Gini index, Theil index and Inequality Extraction Ratio.

The objective of the study is to provide a better understanding of how the different wage earning non-European groups were faring compared to the Europeans and investigate which groups managed to benefit from the colonial system while others lost out. While commercialization and monetization of the economy brought by the British colonial rule provided opportunities for some, it was a heavily distorted setting, where markets were not allowed to function freely, racial discrimination was unfettered and various institutional instruments were used to benefit the Europeans. Understanding how these circumstances affected the characteristics of elite persistence, transformation, and formation is one of the main aims of the study.

With the diversification of the economy, rising skill levels and real wages as well as the growing importance of the wage-earning sector throughout the period of investigation, especially Africans in the better-paid employment were able to reap benefits by investing back into the rural sector. These developments speak to the intertwining of the modern and traditional customs of providing a living, which is evident in Kenya. Examining these groups despite them being relatively small in magnitude is important because it supplies additional information of the roots of the later post-independence urban elites as well as lifts the role of African agency in the colonial transformation of the economy.

Raising capital to raise crops: Slave emancipation and agricultural output in the Cape Colony

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Agricultural output fluctuated worldwide after the emancipation of slaves. The usual explanation is that former slaveholders now lacked labor. This is not the full story: slaves were not just laborers but capital investments to support production. Using databases covering more than 40 years from Stellenbosch in the British Cape Colony, this study measures changes in output before and after emancipation to determine the role of slaves as factors of production. Large shortfalls in compensation paid to slaveholders after the 1833 Abolition

Act reveal that slaves were a source of capital that strongly influenced production levels, an important reason for the output variation.

Reversal of fortune or persistence of wealth? Institutions and inequality in a Caribbean slave plantation economy, 1750s to 1917

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In recent years, there has been resurgence in scholarly interest in the topic of inequality, with research studying both its drivers and consequences. The topic has also become very important in the field of economic history, with quantitative research on historical levels of economic inequality by key scholars being very widely cited (Alfani and Tullio 2019; Di Matteo 2018; Lindert and Williamson 2016; Milanovic 2016; Piketty 2014, among others)

Most research that has empirically analyzed the historical development of inequality has focused on the interplay between institutional arrangements and the distribution of resources. Scholars with a keen eye on history have regarded economic inequality as contingent upon distinct institutional developments or else, dependent upon the organization of a society. The works by Daron Acemoglu, Simon Johnson and James A. Robinson, extending the seminal work of Douglas North on the role of institutions, put forward the thesis that the level of economic development and inequality among the previously European colonial societies was shaped by the type of historical institutions established, making a distinction between extractive and inclusive institutions (Acemoglu et al. 2001, 2002; Acemoglu and Robinson 2012). Societies that were relatively richer before colonization are today relatively poor and vice versa the relatively poorer societies of North America and Australia are today among the richer countries in the world.

Although a plethora of studies have been produced for settler societies in North America, slave colonial societies in the rest of the Americas have received until recently comparatively little attention. The general picture of these societies that can be found in the scholarly literature, as well as gathered from popular culture, is that they were highly unequal with a rich elite and a largely impoverished mass of slaves. Leading scholars have argued that inequality was likely higher in the colonies in the Caribbean than on the American continent – but have then also noted that there exist no systematic estimates of historical inequality from these regions to actually prove this claim (Galenson 1996, 202). Thus, exactly how unequal these societies were in comparison with settler colonies, and how inequality developed over time has never been researched before.

The purpose of our project is to investigate wealth inequality in a Caribbean slave-based plantation colony quantitatively in a historical long-term perspective. Two distinct research strategies are employed: firstly we study how wealth distribution developed in the long-run on an aggregate level; secondly we study inequality at the household level to examine how political and institutional changes, i.e. foreign occupation, the abolition of the slave trade and emancipation, impacted social mobility and wealth distribution. The hypothesis to be tested is whether the distribution of wealth persisted in aftermath of key institutional and political changes. Such changes tend to offer an opportunity for the disruption of the existing social order and for social mobility. However, it is argued that if an elite is able to retain power in the face of a political/institutional change the possibilities for social mobility are scarce.

In the project we rely on a unique source of data on the distribution of wealth available from the Danish West Indies in the form of land registers available over a very long-period of time (ca 1750 to 1917, with some gaps in the series). The registers report data both at the household- and at the plantation-level for all households and plantations in the colony. The source specify the amount of land held by a household/estate, the size of the buildings owned, the number of slaves owned, and the amount of taxes (including land-, house- and head-taxes) paid by each household/estate. The three variables, land and slaves especially, constituted the most important types of wealth in slave societies. We thus rely on these variables to estimate between-household inequality.

The dataset is constructed from the combination of 60 cross-sections extracted every 4 years (1750-1780; 1870-1910) or every 2 years (1780-1870) to form a panel covering the whole period for which data is available. The panel accounts for roughly 90,000 individual owners, 20,000 of which are unique over the period. In order to study how political and institutional changes influenced wealth inequality and social mobility, we link between the records based on first and last name of the house/plantation owner and on using the geographical location of the house/plantation as a further control variable. A variety of inequality measures, Gini-coefficient, Lorenz-curve and p-shares, are used to estimate aggregate inequality. To develop as accurate an estimate of wealth as possible, we have extracted land prices from land sales registers and accessed slave prices from official sources. We employ this data as weights in our wealth inequality index as tax rates remained flat over time, not reflecting price variations.

Our estimates seem to suggest that wealth was very unevenly distributed among households, with a bottom decile of wealth-less and a top decile owing more than fourth-fifth of the total wealth recorded in the colony. Most of the households in our panel owned some wealth, predominantly in the form of real estate and slaves, but only a few held wealth in the more lucrative form of plantations, paired with a large number of slaves. Our first estimates suggest that persistence was rather high, especially so in the top percentile.

Our Gini estimates place the Danish West Indies among the most unequal societies so far studied. Nevertheless, our estimates are similar to those arrived at for settler colonies (or parts of them) in the norther regions of the United States, rather than those calculated for slave societies, as in the case of the Cape Colony or Brazil.

Rural Wages in Eastern Africa

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This paper analyses the levels and trends of rural real wages for African farm workers in three Eastern African colonies: Kenya, Nyasaland, and Tanganyika. Commonly, wage analyses for colonial Africa tend to focus on urban wages, leaving out up to 95 percent of the colonial population. When rural living standards are addressed this often with the use of urban prices and urban consumption baskets which is problematic for a number of reasons, not least, that urban welfare ratios assume that the necessary food for subsistence needs to be purchased. Here, we estimate and compare real rural wages for African farm workers in three different colonies. Albeit representing a small share of the rural population, the trends of the wages farm workers received provide an insight into the conditions of the colonial rural economies at large. Our three cases represent different types of colonies. Kenya was a settler colony, Nyasaland a settler-cum peasant colony and Tanganyika a peasant colony. We have chosen the cases as there is a commonly held belief that real wages correlated negatively with the economic importance of settler agriculture. Our estimates put this conventional view into question.

Historical forces and embodied nitrogen: Argentinean soybean production and international trade

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This book chapter discusses the economic history of Latin American soybean production and international trade from within the paradigm of socioeconomic metabolism by focusing on embodied nitrogen. Inspired by institutional economist K. William Kapp's concept of social costs and the work of Karl Polanyi, a potential qualitative analysis of ecologically unequal exchange is proposed and tested using empirical data of embodied nitrogen in Argentinean soybean production and trade over the past 20 years. The chapter concludes by making a call for research that combines institutionalism, ecologically unequal exchange, and resilience thinking to better understand the social-ecological disruptions associated with Latin American soybean agriculture and international trade.

Past and present agrarian change in Argentina, Paraguay and Uruguay

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The article compares the Belle Époque of export-oriented development, 1870 to 1914, with the agropastoral expansion and land-use intensification, since 2002, in Argentina, Paraguay and Uruguay. Through the analysis of similarities and differences between these two periods, as well as between the three South American countries, the article discusses the role of both path dependencies and changes, as well as of both endogenous and exogenous forces, in shaping contemporary agrarian change in the region. It shows that there are important lines of continuity between the periods, such as the unequal land structure and the policy influence of landed ranchers' organizations, often acting in alliance with foreign capital groups. At the same time, the study shows significant amount of variance between the three countries; while all three countries show a of 'dependent development' trajectory, Argentina and Uruguay managed the consolidation of a relatively strong and autonomous state apparatus, but Paraguay did not. While there are many legacies from the first period of export-orientation that continue to shape the development trajectories of these countries today, there are also some new elements involved in contemporary land-use change, proper to the current era of agrofood globalization.