

# Colonials

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**Ec 764**

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April 24, 2024

# Data

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- Guinnane, Timothy (2023). “We Do Not Know the Population of Every Country in the World for the Past Two Thousand Years,” *JEH*.

Economists have reported results based on populations for every country in the world for the past two thousand years. The source, McEvedy and Jones' *Atlas of World Population History*, includes many estimates that are little more than guesses and that do not reflect research since 1978. McEvedy and Jones often infer population sizes from their view of a particular economy, making their estimates poor proxies for economic growth. Their rounding means their measurement error is not “classical.” Some economists augment that error by disaggregating regions in unfounded ways. Econometric results that rest on McEvedy and Jones are unreliable. “we haven't just pulled the figures out of the sky. Well, not often.”

McEvedy and Jones (1978, p. 11)

## References

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- Acemoglu, Daron, Simon Johnson and James A. Robinson (2001). “The Colonial Origins of Comparative Development: an Empirical Investigation,” *AER*
  - Albouy, David, Y. (2012). “The Colonial Origins of Comparative Development: An Empirical Investigation: Comment,” *AER*, 3059-76.
  - Acemoglu, Daron, Simon Johnson and James A. Robinson (2012). “The Colonial Origins of Comparative Development: an Empirical Investigation: Reply,” *AER*, 3077-3110.
- Engerman, Stanley L. and Sokoloff, Kenneth L. (1997). “Factor Endowments, Institutions, and Differential Paths of Growth among New World Economies,” in Stephen Haber, ed., *How Latin America fell behind*, Stanford, University Press, 260-304.

# Causality

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(potential) settler  
mortality  $\Rightarrow$  settlements

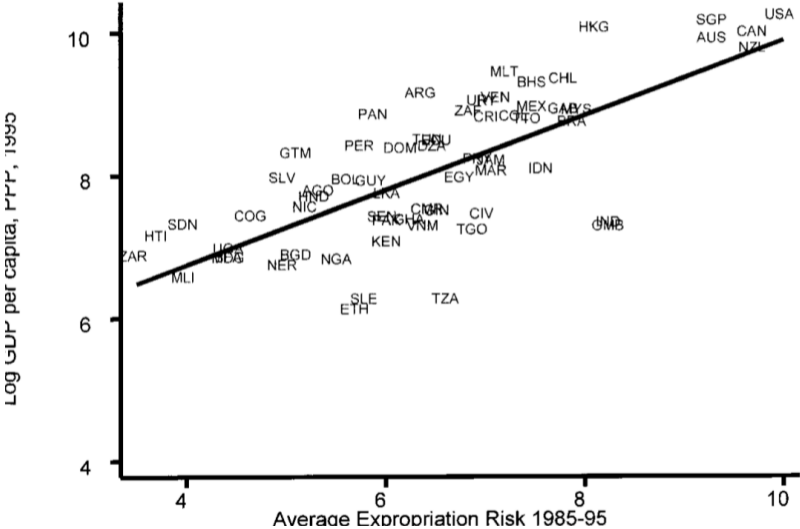
$\Rightarrow$  early  
institutions  $\Rightarrow$  current  
institutions

$\Rightarrow$  current  
performance.

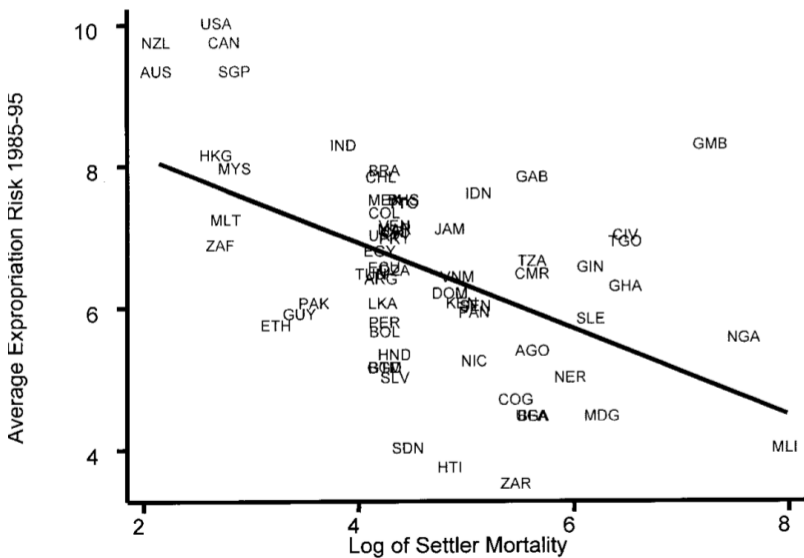
# OLS

	Whole world (1)	Base sample (2)	Whole world (3)	Whole world (4)	Base sample (5)	Base sample (6)	Whole world (7)	Base sample (8)
	Dependent variable is log GDP per capita in 1995						Dependent variable is log output per worker in 1988	
Average protection against expropriation risk, 1985–1995	0.54 (0.04)	0.52 (0.06)	0.47 (0.06)	0.43 (0.05)	0.47 (0.06)	0.41 (0.06)	0.45 (0.04)	0.46 (0.06)
Latitude			0.89 (0.49)	0.37 (0.51)	1.60 (0.70)	0.92 (0.63)		
Asia dummy				-0.62 (0.19)		-0.60 (0.23)		
Africa dummy				-1.00 (0.15)		-0.90 (0.17)		
“Other” continent dummy				-0.25 (0.20)		-0.04 (0.32)		
$R^2$	0.62	0.54	0.63	0.73	0.56	0.69	0.55	0.49
Number of observations	110	64	110	110	64	64	108	61

# Institutions



# First-Stage regression



# Instruments

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$$\log y_i = \mu + \alpha R_i + \mathbf{X}'_i \gamma + \epsilon_i. \quad (1)$$

$$R_i = \lambda_R + \beta_R C_i + \mathbf{X}'_i \gamma_R + \nu_{Ri}. \quad (2)$$

$$C_i = \lambda_C + \beta_C S_i + \mathbf{X}'_i \gamma_C + \nu_{Ci}. \quad (3)$$

$$S_i = \lambda_S + \beta_S \log M_i + \mathbf{X}'_i \gamma_S + \nu_{Si}. \quad (4)$$

$$R_i = \zeta + \beta \log M_i + \mathbf{X}'_i \delta + v_i. \quad (5)$$



# Determinants of Institutions (I)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Panel A	Dependent Variable Is Average Protection Against Expropriation Risk in 1985–1995									
Constraint on executive in 1900	0.32 (0.08)	0.26 (0.09)								
Democracy in 1900			0.24 (0.06)	0.21 (0.07)						
Constraint on executive in first year of independence					0.25 (0.08)	0.22 (0.08)				
European settlements in 1900							3.20 (0.61)	3.00 (0.78)		
Log European settler mortality									-0.61 (0.13)	-0.51 (0.14)
Latitude		2.20 (1.40)		1.60 (1.50)		2.70 (1.40)		0.58 (1.51)		2.00 (1.34)
$R^2$	0.2	0.23	0.24	0.25	0.19	0.24	0.3	0.3	0.27	0.3
Number of observations	63	63	62	62	63	63	66	66	64	64

## Determinants of Institutions (II)

Panel B	Dependent Variable Is Constraint on Executive in 1900				Dependent Variable Is Democracy in 1900				Dependent Variable Is European Settlements in 1900	
European settlements in 1900	5.50 (0.73)	5.40 (0.93)			8.60 (0.90)	8.10 (1.20)				
Log European settler mortality			-0.82 (0.17)	-0.65 (0.18)			-1.22 (0.24)	-0.88 (0.25)	-0.11 (0.02)	-0.07 (0.02)
Latitude		0.33 (1.80)		3.60 (1.70)		1.60 (2.30)		7.60 (2.40)		0.87 (0.19)
$R^2$	0.46	0.46	0.25	0.29	0.57	0.57	0.28	0.37	0.31	0.47
Number of observations	70	70	75	75	67	67	68	68	73	73

	Base sample (1)	Base sample (2)	Base sample without Neo-Europes (3)	Base sample without Neo-Europes (4)	Base sample without Africa (5)	Base sample without Africa (6)	Base sample with continent dummies (7)	Base sample with continent dummies (8)	Base sample, dependent variable is log output per worker (9)
Panel A: Two-Stage Least Squares									
Average protection against expropriation risk 1985–1995	0.94 (0.16)	1.00 (0.22)	1.28 (0.36)	1.21 (0.35)	0.58 (0.10)	0.58 (0.12)	0.98 (0.30)	1.10 (0.46)	0.98 (0.17)
Latitude		-0.65 (1.34)		0.94 (1.46)		0.04 (0.84)		-1.20 (1.8)	
Asia dummy							-0.92 (0.40)	-1.10 (0.52)	
Africa dummy							-0.46 (0.36)	-0.44 (0.42)	
“Other” continent dummy							-0.94 (0.85)	-0.99 (1.0)	

Panel B: First Stage for Average Protection Against Expropriation Risk in 1985–1995									
Log European settler mortality	-0.61 (0.13)	-0.51 (0.14)	-0.39 (0.13)	-0.39 (0.14)	-1.20 (0.22)	-1.10 (0.24)	-0.43 (0.17)	-0.34 (0.18)	-0.63 (0.13)
Latitude		2.00 (1.34)		-0.11 (1.50)		0.99 (1.43)		2.00 (1.40)	
Asia dummy							0.33 (0.49)	0.47 (0.50)	
Africa dummy							-0.27 (0.41)	-0.26 (0.41)	
“Other” continent dummy							1.24 (0.84)	1.1 (0.84)	
$R^2$	0.27	0.30	0.13	0.13	0.47	0.47	0.30	0.33	0.28

Panel B: First Stage for Average Protection Against Expropriation Risk in 1985–1995

Log European settler mortality	−0.61 (0.13)	−0.51 (0.14)	−0.39 (0.13)	−0.39 (0.14)	−1.20 (0.22)	−1.10 (0.24)	−0.43 (0.17)	−0.34 (0.18)	−0.63 (0.13)
Latitude		2.00 (1.34)		−0.11 (1.50)		0.99 (1.43)		2.00 (1.40)	
Asia dummy							0.33 (0.49)	0.47 (0.50)	
Africa dummy							−0.27 (0.41)	−0.26 (0.41)	
“Other” continent dummy							1.24 (0.84)	1.1 (0.84)	
$R^2$	0.27	0.30	0.13	0.13	0.47	0.47	0.30	0.33	0.28

Panel C: Ordinary Least Squares

Average protection against expropriation risk 1985–1995	0.52 (0.06)	0.47 (0.06)	0.49 (0.08)	0.47 (0.07)	0.48 (0.07)	0.47 (0.07)	0.42 (0.06)	0.40 (0.06)	0.46 (0.06)
Number of observations	64	64	60	60	37	37	64	64	61

									Base sample, dependent variable is log output per worker (9)
	Base sample (1)	Base sample (2)	Base sample without Neo-Europes (3)	Base sample without Neo-Europes (4)	Base sample without Africa (5)	Base sample without Africa (6)	Base sample with continent dummies (7)	Base sample with continent dummies (8)	

## Another view: the Western Hemisphere

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- Engerman, Stanley L. and Sokoloff, Kenneth L. (1997). “Factor Endowments, Institutions, and Differential Paths of Growth among New World Economies,” in Stephen Haber, ed., *How Latin America fell behind*, Stanford, University Press, 260-304.
- Impact at the time of colonization of
  - Factors of production in the colonies
  - Institutions and emigrants in the lands of emigration

# Factors of production and institutions

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- Three types of colonies

- 1 Land for production of sugar, cotton, with small indigenous pop.: import of slaves  
Caribbean, Brazil

- 2 Regions with abundant indigenous population and land suitable for large estates  
Extraction in Peru and Mexico

- 3 Regions with scarce indigenous and unsuitable for large estates: US (northern) and Canada

- Lands of emigration (before 1800)

- Spain

- + restricted emigration,

- + allocated large estates in the colonies (encomiendas), quasi-feudal

- + Quasi-feudal system existed before 1500.

- England encouraged emigration

## Populations

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		White	Black	Indian
Barbados	1690	25.0%	75.0%	-
Barbados	1801	19.3	80.7	-
Mexico	1793	18.0	10.0	72.0%
Peru	1795	12.6	7.3	80.1
C. Venezuela	1800-09	25.0	62.0	13.0
Cuba	1792	49.0	51.0	-
Brazil	1798	31.1	61.2	7.8
Chile	1790	8.3	6.7	85.0
U.S. - Nation	1860	84.9	14.0	1.1
U.S. South	1860	61.7	37.7	0.7
U.S. North	1860	96.2	2.6	1.3
Canada	1881	97.0	0.5	2.5
Argentina	1918	95.6	1.2	3.2

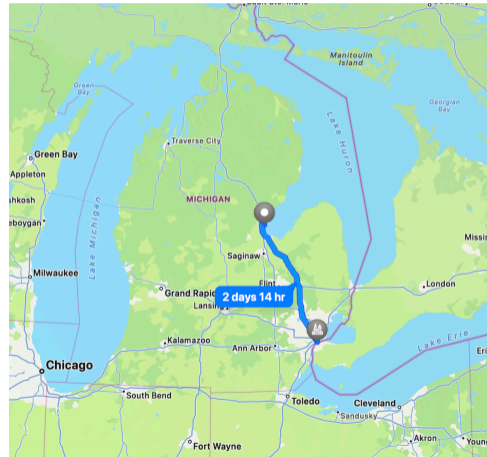
	Africans Arriving In New World By Region Claimed		Europeans Leaving Each Nation For New World (Net)		Total Flow of Migrants To New World (Col. 1 + Col. 2)		Flow of Africans Relative To That of Europeans (Col. 1/Col. 2)
	(000)	(%)	(000)	(%)	(000)	(%)	
<u>1500-1580</u>							
Spain	45	78.0%	139	60.0%	184	63.4%	0.32
Portugal	13	22.0	93	40.0	106	36.6	0.14
Britain	0	-	0	-	0	0.0	0
TOTAL	58	100.0	232	100.0	290	100.0	0.25
<u>1580-1640</u>							
Spain	289	59.8	188	43.9	477	52.5	1.54
Portugal	181	37.5	110	25.7	291	31.9	1.15
France	1	0.2	2	0.5	3	0.3	0.50
Netherlands	8	1.7	2	0.5	10	1.1	4.00
Britain	4	0.2	126	29.4	130	14.3	0.03
TOTAL	483	100.0	428	100.0	911	100.0	1.13
<u>1640-1700</u>							
Spain	141	18.4	158	31.9	299	23.7	0.89
Portugal	225	29.3	50	10.1	275	21.8	4.50
France	75	9.8	27	5.4	102	8.1	2.78
Netherlands	49	6.4	13	2.6	62	4.9	3.77
Britain	277	36.1	248	50.0	525	41.6	1.12
TOTAL	767	100.0	496	100.0	1,263	100.0	1.55



# Tocqueville: “15 days in the desert” (1831), Detroit to Saginaw Bay

How often, in the course of our travels, have we met honest townspeople who, sitting quietly by their firesides, would say to us in the evening: “Every day the number of Indians decreases! It’s not that we often go to war with them, but the brandy we sell them at low prices takes away more of them every year than our weapons ever could. This world belongs to us,” they added, “God, in giving its first inhabitants the option of civilization, has destined them in advance for inevitable destruction. The true owners of this continent are those who know how to make the most of its riches.”

Satisfied with his reasoning, the American goes to the temple, where he hears a minister of the Gospel tell him that men are brothers, and that the Eternal Being, who made them all on the same model, has given them all the duty to help each other.



Detroit is 25 a small town of 2 to 3,000 souls, which the Jesuits founded in the middle of the woods in 1710, and which still contains a very large number of French families.

The bell that the pioneer hangs around his cattle's necks to find them in the depths of the wood announces the approach of the clearing. Soon we hear the sound of the axe chopping down trees in the forest and, as we approach, sudden traces of destruction announce even more clearly the presence of man. Cut branches cover the path, while trunks burnt to a crisp by fire or mutilated by iron stand in your way. Continue on, and you come to a wood where all the trees seem to have been struck dead in midsummer, their desiccated branches showing only the image of winter. Closer inspection reveals that a deep circle has been cut into their bark, stopping the circulation of sap and causing them to perish. This is where the planter usually starts. Unable to cut down all the trees on his new property in the first year, he sows corn under their branches and, by killing them, prevents them from shading his harvest.

After this field, an incomplete sketch, the first step of civilization in the desert, we suddenly catch sight of the owner's hut; it's usually located in the center of a plot of land more carefully cultivated than the rest, but where man is still waging an inegalitarian struggle against nature. Here, the trees have been cut down, but not uprooted; their trunks still cover and embarrass the ground they once shaded. Around this desiccated debris, wheat, oak shoots, plants of all kinds and grasses of all kinds grow together on an unruly and still half-wild soil. At the center of this vigorous and varied vegetation stands the planter's house, or, as it's known in the country, the log-house.

This man was not born in the solitude where he lives: his constitution alone indicates this. His first years were spent in an intellectual and reasoning society. It was his will that threw him into the midst of the desert labors for which he seems ill-suited.

Focused on the single goal of making a fortune, the emigrant ended up creating a very individual existence for himself.