

POLI 332. Politics and Governments of Latin America

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Session 2. Colonialism: Political and Economic Institutions

Plan of the Lecture

1. The Colonial Project
2. Social Organization: Two Republics
3. Economic Institutions: Extraction of Wealth
 - a) Labour
 - b) Taxation
 - c) Markets

The Colonial Project:

- Governing a New World by surprise
- A religious mission: Church and Crown
- The extraction of wealth (resources, labour, etc.) through mercantilist institutions and practices

The
Viceroyalties
(circa 1780)

Social Organization: Two Socio-Cultural Worlds

The Spanish World

- Urban-based
- Extended family ties
- A fluid class structure (nobles and commoners)
- Racial distinctions as a continuum and not always purely phenotypical but rather cultural
- Social structure of the estate: Owner, Administrator, Majordomo, Skilled Permanent Worker, Temporary Worker, Auxiliaries (African slaves or, later, black freedmen)

Social Organization: Two Socio-Cultural Worlds:

The Indian World:

- Different social structures resulting from three general types of pre-Hispanic society:
 1. Fully sedentary societies (e.g., Mexico, Peru): densely, populated geographically settled, socially stratified, permanent agriculture.
Spanish strategy: keep old structure; build core Spanish centers.
 2. Semi-sedentary societies (e.g., coast of Brazil, Paraguay): shifting villages and agriculture, not stratified, clan-based.
Spanish strategy: direct interventions to try to transform these societies fail; finally, gradual integration.
 3. Non-sedentary societies (e.g., Southern Chile, Northern Mexico): nomadic, hunter-gatherer, small bands.
Spanish strategy: conflict or enslavement; little Spaniard presence.

Internal Economy of Colonial Spanish America: Strategies to Extract Wealth

- Labour
- Taxation
- Markets (distribution and exchange)

Labour

- Non-wage (unfree) labour:
 - Slavery of indigenous peoples: short-lived (opposition of the Church)
 - Repartimientos → Encomiendas
 - Demise of repartimiento as a feudal fiefdom in the 1550s in central areas.
 - Various forms of non-wage labour throughout the region: rotational drafts, peonage, obrajes, haciendas, corvée labour in public works
- Free labour:
 - Artisans (cofradías, guilds)
 - Majordomos, managers, bureaucrats, merchants, horse traders.
 - Became more popular over time.
- African slaves:
 - Mostly used to replace the labour force where the indigenous populations had been decimated by the war or diseases.

Taxation

- Tribute: head tax mostly collected from Indians
 - Staples, local specialties, new commodities
 - Also forced villages into the European marketplace by forcing them to pay with coinage
- Quinto Real (booty and mining)
- Graft: venality and rights to obtain resources from positions
- Alcabalas (sales tax)
- Customs dues (the use of mercantilist bottlenecks to regulate commerce)
- Crown monopolies: tobacco, gun powder, salt, paper, etc.
- Tithe (Diezmo): administered by the Crown, but benefiting the Church.
- Note on Tax Farming: crown → encomendero or corregidor → principales and caciques

Markets: Distribution and Exchange

- Peasant agriculture and village exchanges
- Local products attractive to European markets (other actors take over production): e.g., cacao, tobacco
- Local products that only locals know how to produce efficiently (e.g., cochineal)
- Urban markets (17th century) supplied by large estates (again colonial mentality of bottlenecks and monopoly)

Internal Trade Routes

Session 2. Colonialism and Postcolonial Development

Matthew Lange, James Mahoney, and Matthias vom Hau. 2006. "Colonialism and Development: A Comparative Analysis of Spanish and British Colonies". *American Journal of Sociology*, Vol. 111, No. 5 (March 2006), pp. 1412-1462

Plan of the lecture

1. Previous Literature
2. Definitions
3. Theory
 1. Hypothesis 1
 2. Hypothesis 2
 3. Operationalization and measurement
 4. Diagram of the theory
4. Qualitative Evidence
5. Results
 1. Hypothesis 1
 2. Hypothesis 2
 3. Overall argument
6. Concluding Remarks

Previous Literature

- North (1990): Identity of the Colonizer
- Instead, conditions of the colonized areas
 - Engerman & Sokoloff (2002): Soil, climate & demography
 - Acemoglu, Johnson & Robinson (2001): Population density & disease climates
- These conditions led to the construction of extractive institutions; those areas with favorable disease climates and sparser populations bred productive institutions.
- Lange, Mahoney & Vom Hau argue instead that it was the **Identity of the Colonizer** (mercantilist versus liberal economic models) what, in **interaction with the characteristics of the pre-colonial society**, determined post-colonial levels of development.

Definitions

- Mercantilist Economies:
 - Restrictions to trade
 - Monopolies
 - Export subsidies

 - Labour extraction and exploitation (patrimonial and clientelistic relationships)

 - Transport bottlenecks
 - Restrictions on investment

 - Weak property rights
- Liberal Economies:
 - Free trade
 - Competition
 - Private capital and joint ventures

 - Labour exploitation (sometimes through coercion, sometimes through low wages)

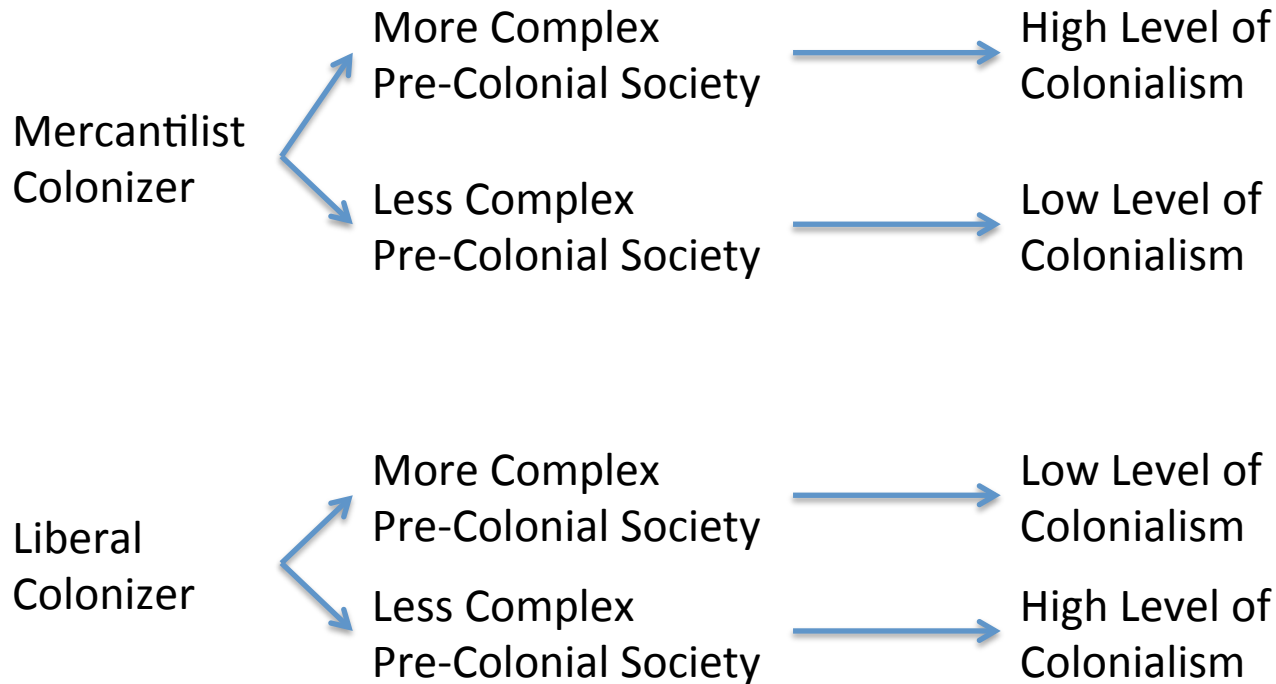
 - Expansion of trade routes
 - Strong financial markets and reassurances to credits for investment

 - Strong property rights

Theory

Pre-Colonial Development → Level of Colonialism → Post-Colonial Development

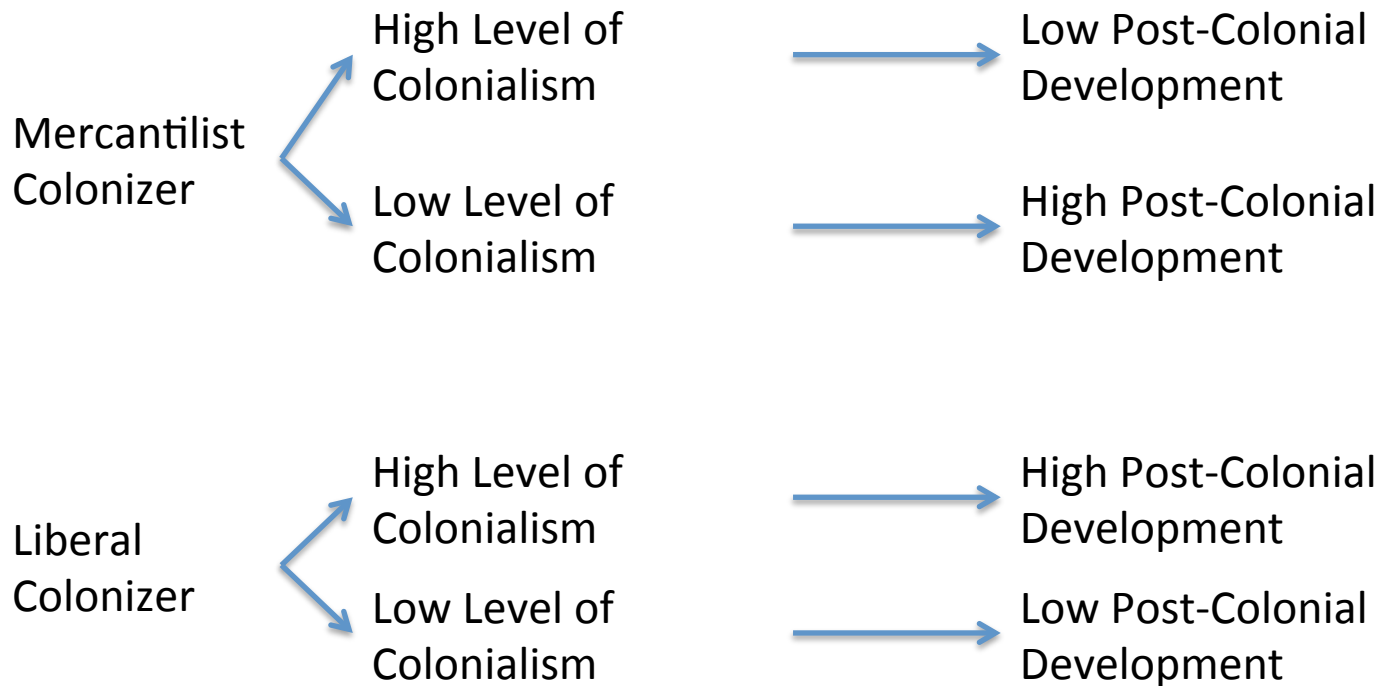
Hyp. 1: Pre-Colonial Development → Level of Colonialism



Theory

Pre-Colonial Development → Level of Colonialism → Post-Colonial Development

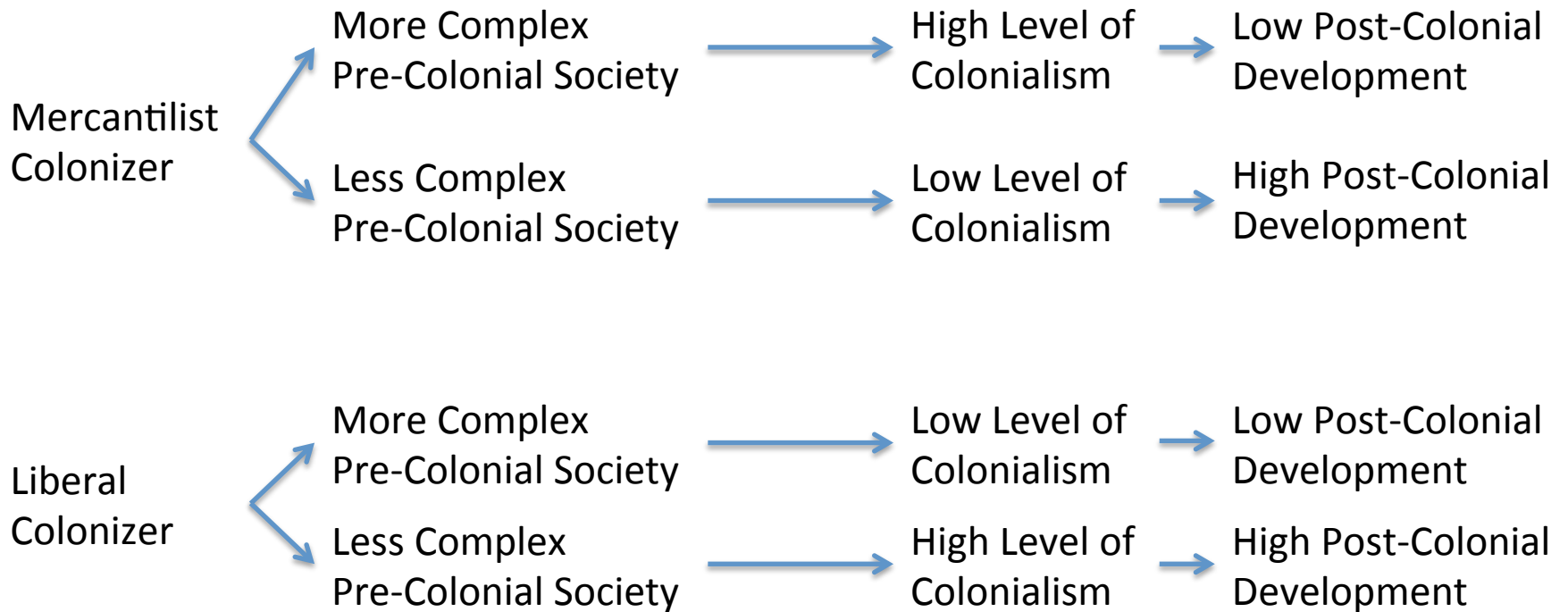
Hyp. 2: Level of Colonialism → Post-Colonial Development



Operationalization (what we mean by...) and Measurement

	Pre-Colonial Development	Level of Colonialism	Post-Colonial Development
Operationalization & Measurement	Pre-colonial population: estimates from several authors; pre-colonial population density	Settler Population: European population ca. 1800 or at the end of colonial period	Economic Development (authors' qualitative assessments; HDI)
	Social Complexity: (coding by researchers) <ol style="list-style-type: none"> 1. Settled populations 2. Statelike political organizations 3. Hierarchical economies that rely on coercive labour systems 	Palmer's rankings: bullion production, bishopric revenue, city population, population density, total trade	Social Development (authors' qualitative assessments; HDI)
		New Institutions (qualitative evidence by researchers): <ol style="list-style-type: none"> 1. Commerce and markets (free-trade) 2. Political authority (rule of law) 3. Race and ethnicity (equality of rights) 	

Theory



Qualitative Evidence

Spanish (mercantilist) Colonies:

	Core: Mexico, Peru, Bolivia, Ecuador	Periphery: Southern Central America, Southern Cone, Venezuela	Special Cases:
Pre-Colonial Development	High: Complex, densely populated societies (Aztec, Inca), based on coercive labour and social stratification.	Low: Hunter-gatherer groups, village farming, sparsely populated regions, non-sedentary societies.	
Level of Colonialism	High: Big bureaucracies, guilds and monopolies, encomiendas, trade restrictions, large settler populations, big religious projects.	Low: Absence of high-ranking royal administrators, Church officials.	(*) Intermediate levels in some Caribbean islands: Cuba, Dominican Republic (plantations)
Post-Colonial Development	Low: <i>Economic:</i> Obstacles for competition, entrenched interests, elites are enriched but little overall growth. <i>Social:</i> High inequality due to large portions of the population without access to services.	High: <i>Economic:</i> Local elites developed efficient export-oriented economies <i>Social:</i> racial-homogeneity made it easier to create public goods;	(*) Mexico, Nicaragua, and Paraguay

Qualitative Evidence

British (liberal) Colonies:

	Settler Colonies: US, Canada, Australia, NZ	Direct Colonies: HK, Singapore	Hybrid Colonies: India, Malay Peninsula	Indirect Colonies: Sub-Saharan Africa	Special Cases
Pre-Colonial Development	Low: Sparsely populated, chiefdom societies without statelike organizations	High-Intermediate: densely populated and with relations with well-established Empires.	High-Intermediate: Densely populated, very complex agrarian-bureaucratic political order	Low: already complex and populated areas (late 19 th C)	
Level of Colonialism	High: “Little Great Britains” with more segmented religious structure and without landed aristocracy; participatory political institutions and more egalitarian economies	High-Intermediate: Direct administration with liberal economies based on open markets and free labour, low levels of European settlers.	Low-Intermediate: Initially indirect through East India Company, after 1857 becomes a direct colony but still a large portion depends on allegiances with local elites.	Low: Indirect rule, exercising power through customary institutions and landholding patterns; local chiefs were empowered. South Africa: hybrid	(*) HK, Singapore (strategic position), India (revolts of the 1850s)
Post-Colonial Development	High: <i>Economic:</i> Competitive highly prosperous economies. <i>Social:</i> Economic growth and industrialization promoted investment in public goods; although structural inequalities in places with a history of slavery and plantations.	High: <i>Economic:</i> Strong legal institutions and strategic position as free ports in international commerce. <i>Social:</i> Well-established state infrastructure could provide public goods. Legal protections against elite interests push for more egalitarian policies.	Low: <i>Economic:</i> Local elites control land and labour, however somewhat efficient bureaucracy. <i>Social:</i> No spillover effects from growth.	Low: <i>Economic:</i> Personal enrichment of chiefs, weak peasant production and disfunctional markets <i>Social:</i> No spillover effects from growth. Very unequal. Ethno-racial polarization.	

Concluding Remarks

- The historical origins of variation in development
- The historical origins of inequality and ethno-racial polarization
- The Rule of Law: Corruption? The privatization of resources? Economies based on the extraction of rents through political privileges?