Decolonization Policies and Institutions in Africa:

A Comparative Historical Approach

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Abstract

After World War II, four major colonizers in Africa – Britain, France, Portugal, and Belgium – chose different decolonization policies. Britain granted gradual independences and transferred their institutions to their colonies. British colonies, however, repealed the British-inspired institutions after independence except Botswana and Mauritius. France provided a choice between a continued association with France or full independence. France, however, did not transfer its institutions to the countries choosing independence. Belgium planned gradual independence, but granted hasty independence when heavy riots granted broke out. Portugal refused the demand for independence and granted independence only after 14 years of colonial war. However, once the guerrilla forces had been controlled, Portugal turned its attention to reforms for development. This paper compares the decolonization policies in Africa and investigates its impact on institutional transfers. Empirical evidence suggests that part of Africa’s weak institutions can be explained by the different decolonization processes and their consequences.

Keywords: Decolonization, Independence, Institutions, Post-colonial reform, Africa

JEL codes: O43, O55, K11, N47
1. Introduction

A large strand of work evaluates the legacy of colonial rule on institutions (La Porta et al., 1997, 1998; Acemoglu, Johnson, and Robinson 2001, 2002; Engerman and Sokoloff 2002; Banerjee and Iyer 2005; Nunn 2007, 2008; Lee and Schtulz 2009). After World War II, four major colonizers in Africa – Britain (controlled 20 former colonies), France (controlled 20 former colonies), Portugal (controlled 5 former colonies), and Belgium (controlled 3 former colonies) – chose different decolonization and independence policies. However, earlier studies on economic growth in Africa have not given suitable weight to the significance of decolonization policies. This paper investigates the effect of different decolonization policies and their impacts on institutional transfers.

After World War II, Britain accepted decolonization as an irresistible trend and began to establish self-government in its colonies. In Africa, the British decolonization was done gradually based on experiences in Canada, South Africa, and India (Smith 1978). More importantly, independence was granted on the basis of the continuation of the British system. Consequently, Britain was more effective in transferring their legal systems in Africa than were other colonizers. However, after independence most former British colonies repealed the British-inspired property institutions while Botswana (GDP per capita $12,100 in 2009) and Mauritius (GDP per capita $12,400 in 2009) kept all institutions (Read 1975; Ng’ong’ola 1992; Allen 2000).

Compared to the British decolonization, the French decolonization was done more in haste, which had different consequences in imposing legal systems. France wanted to keep their colonies and denied self-government as long as possible. Instead of gradual withdrawal, France promised a free choice between a continued association with France or full independence. In 1958, French colonies in sub-Saharan Africa voted for full independence. The French government argued that close ties to France would be more beneficial to the colonies. The persuasion (or threatening) was quite successful;
only Guinea voted for full independence. However, when Guinea voted for independence against the French intention, France immediately cut its tie to Guinea and withdrew all personnel and equipment (Smith 1978, Chafer 2002, introduction). In other words, France did not transfer its institutions to its colonies. The consequences are consistent with the existing works arguing that the former British colonies have better institutions for economic growth than the former French colonies (Hayek 1960, Lipset 1993, La Porta et al. 1998, 1999; see also critiques Acemoglu, Johnson, and Robinson 2001, Prezworski et al. 2000; Lee and Schultz 2009; for summary, see La Porta, Lopez-De-Silanes, and Shleifer 2008).

Belgium lacked a strategic long-term vision to its colonies. Belgium planned gradual independence like the British model, but granted hasty independence when heavy riots broke out. The Belgian government was unable to (or unwilling to) introduce credible changes so long as the colonies were thriving and calm. When nationalists’ movement began to radicalize, Belgium started to plan gradual independence. However, facing heavy riots, Belgium granted hasty independence without transferring its institutions. The premature independence combined with the Cold War generated a catastrophe in the colonies (Roth 1979).

Portugal – a relatively poor country in Europe – needed its colonies more than other colonizers. Portugal firmly refused to accede to the demands for independence. To maintain its colonies, Portugal chose perpetuation policy and refused to grant independence. In 1961 facing armed conflicts for independence, Portugal sent troops and provoked the Colonial War that lasted fourteen years (1961 – 1975). Once the guerrilla forces had been controlled, Portugal realized that sound economic development was the only viable way to maintain its colonies. Portugal turned its attention to reforms for development. With considerable effort from Portugal, Portuguese colonies experienced relatively sound economic growth compared to post-independence era. However, after independence, civil wars
broke out between the communist governments supported by the Soviet and non-communist groups supported by the United States (Newitt 1981).

The comparison of decolonization process shows that four European colonizers adopted different decolonization policies, which had different consequences in transferring European institutions. Moreover, after independence post-colonial reforms and civil wars – due to premature independence and the Cold War – destroyed transferred institutions. This paper aims to analyze how those factors affected African institutions.

2. Decolonization Processes in Africa

Britain

Arguably, the first phase of British Decolonization involved Canada and South Africa. Through these experiences, Britain institutionalized a procedure for gradual withdrawal from its colonies. During World War II, Britain called for assistance from its colonies. Britain was obligated to promise independence or other rewards in return for co-operation. In 1947, Britain granted independence to India which constituted a momentous precedent for British policy toward the rest of the colonies (Smith 1978). The Suez Crisis\(^1\) of 1956 in Egypt represented a final attempt by Britain to employ old-style imperial gunboat diplomacy. It clearly failed and represented the end of Britain’s role as a superpower. Faced with the emergence of the United States and the Soviet Union, Britain sought to maintain its global influence by gradual withdrawal with appropriate compromise and ‘friendly’ elites in the former colonies (Chafer 2002, introduction).

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\(^1\) The Suez Crisis was a diplomatic and military confrontation on controlling the Suez Canal in late 1956 between Egypt on one side, and Britain, France and Israel on the other. The United States, the Soviet Union and the United Nations playing major roles in forcing Britain, France and Israel to withdraw.
A key contributing factor in the timing of independence within African colonies was the rise of nationalist movements. During World War II, African recruits were given both formal and informal education. For example, the policy of the British army was to make them literate and able to speak basic English. Many soldiers received technical training and obtained a broader outlook on the world including contacts to the Indian Congress Party. Those soldiers later clearly contributed to nationalist movements in Africa by organizing political groups for independence (Arnold 2005, pp. 2-5).

<table>
<thead>
<tr>
<th>Country</th>
<th>Date</th>
<th>Country</th>
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<tbody>
<tr>
<td>British Colonies</td>
<td>French Colonies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Africa</td>
<td>5/31/1910 (fully recognized in 1931)</td>
<td>Tunisia</td>
<td>3/20/1956</td>
</tr>
<tr>
<td>Egypt</td>
<td>2/28/1922 (fully recognized in 1956)</td>
<td>Morocco</td>
<td>4/7/1956 (From France and Spain)</td>
</tr>
<tr>
<td>Sudan</td>
<td>1/1/1956 (From Egypt and Britain)</td>
<td>Guinea</td>
<td>10/2/1958</td>
</tr>
<tr>
<td>Ghana</td>
<td>3/6/1957</td>
<td>Cameroon</td>
<td>1/1/1960 (From Britain and France)</td>
</tr>
<tr>
<td>Cameroon</td>
<td>1/1/1960 (From Britain and France)</td>
<td>Togo</td>
<td>4/27/1960</td>
</tr>
<tr>
<td>Somalia</td>
<td>7/1/1960 (From Italia and Britain)</td>
<td>Mali</td>
<td>6/20/1960</td>
</tr>
<tr>
<td>Nigeria</td>
<td>10/1/1960</td>
<td>Senegal</td>
<td>6/20/1960</td>
</tr>
<tr>
<td>Uganda</td>
<td>10/9/1962</td>
<td>Benin</td>
<td>8/1/1960</td>
</tr>
<tr>
<td>Malawi</td>
<td>7/6/1964</td>
<td>Burkina Faso</td>
<td>8/5/1960</td>
</tr>
<tr>
<td>Zambia</td>
<td>20/24/1964</td>
<td>Cote d’Iboire</td>
<td>8/7/1960</td>
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<td>12/9/1964</td>
<td>Chad</td>
<td>8/11/1960</td>
</tr>
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<td>2/18/1965</td>
<td>Central Africa Republic</td>
<td>8/13/1960</td>
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<td>9/30/1966</td>
<td>Congo</td>
<td>8/15/1960</td>
</tr>
<tr>
<td>Swaziland</td>
<td>9/6/1968</td>
<td>Algeria</td>
<td>7/5/1962</td>
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Table 1. Dates of Independence
In most colonies, small white settler communities were in control of disproportionate amounts of the best lands and the colonial agrarian policies were biased in favor of settler estate agriculture (Ng’ong’ola 1992). “[Africans] resented the white man’s wealth, his dominance, and the racial discrimination they encountered at his hands” (Wasserman, 1973, p. 101). The nationalist leaders emphasized self determination of their nation and restitute of lost land during the colonial era to organize a political group. After organizing the political group, most of the British colonies in sub-Saharan Africa demanded and attained independence from 1957 to 1968 (table 1).

When African countries demanded independence, the British spent, on average, about three to seven years for decolonization. For example, in Kenya, the first direct elections for Africans to the Legislative Council took place in 1957. Then the first official discussion started in the First Lancaster House Conference in 1960 and attained independence in 1963. In principle Britain granted independence on the basis of the continuation of the system, and not on its destruction (Mohiddin from Wasserman 1973, p. 101).

Britain planned to protect white settler communities after independence. Consequently, imposing legal safeguards against arbitrary land expropriation was a basic framework of the British decolonization. Moreover, the relationship between secure property rights and economic development was recognized in framing African constitutions. For example, the Report of the Kenya Constitutional Conference states the importance of property rights institutions: “Only by this means will it be possible to maintain confidence, and to encourage development and investment, including the attraction of overseas capital, not only in the immediate future but also in the long term” (Allen 2000, p. 59).

African nationalists hoped to attain fast independence and possibly believed that they could repeal the restrictions, thus accepted the British inspired institutions during the decolonization processes. Consequently, the British were able to firmly impose its institutions in the former British
colonies one by one, although most institutions repealed after the independence (Ng’ong’ola 1992; Wasserman 1973, Section 3 discusses post-colonial reforms).

France

French policy-makers were prevented by the legacy of the past, in terms of both ideas and procedures from adopting gradual withdrawal. After the collapse of France in 1940, Brazzaville – capital of French Equatorial Africa – became the provisional capital for the government of France. It was clear that ‘had there been no empire, there would be no Free French Territory.’ In addition, DeGaulle was able to draw much support from French Equatorial Africa (Mortimer 1965, p.27). In 1944, at the conference to discuss French colonial policy after the war, adopting gradual independence was not considered as an option (Crowder 1965, p.17). France decided to implement its policy of assimilation, as a part of the policy France conferred French citizenship on all the people in its colonies in 1947 (Khapoya, 1998, chap. 6).

The imperial tradition in North Africa, however, differed substantially from that of the south and much of the region had been fought over during the war. Demand for independence swept across the region in the immediate aftermath of the war. The French government refused to contemplate independence for Algeria and National Liberation Front (FLN) launched Algerian war of independence with the support of Arab world. In order to maintain the most important colony (Algeria), French granted independence to Morocco and Tunisia in 1956, hoping these movements would appease the support of the Arab world on Algeria (Arnold 2005, p.27-29).
<table>
<thead>
<tr>
<th>Territory</th>
<th>YES %</th>
<th>NO %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cote d’Ivoire</td>
<td>99.98</td>
<td>0.02</td>
</tr>
<tr>
<td>Benin (Dahomey)</td>
<td>97.84</td>
<td>2.16</td>
</tr>
<tr>
<td>Guinea</td>
<td>4.78</td>
<td>95.22</td>
</tr>
<tr>
<td>Burkina Faso (Haute-Volta)</td>
<td>99.18</td>
<td>0.82</td>
</tr>
<tr>
<td>Mauritania</td>
<td>94.04</td>
<td>5.96</td>
</tr>
<tr>
<td>Niger</td>
<td>78.43</td>
<td>21.57</td>
</tr>
<tr>
<td>Senegal</td>
<td>97.54</td>
<td>2.46</td>
</tr>
<tr>
<td>French Sudan</td>
<td>97.53</td>
<td>2.47</td>
</tr>
</tbody>
</table>

Source. Chafer 2002, p.179

Note. “NO” meant outright independence from France. “YES” meant accepting the Constitutions of Fifth Republic that gave French predominance in French West Africa

Table 2. Voting Results for the Constitutions of the Fifth Republic of France

In sub-Saharan Africa, France persuaded its African colonial leaders that close ties to France would be more beneficial to the colonies. In fact, the persuasion was quite successful to the colonial leaders. In 1958, seven out of eight territories in French West Africa voted for the Constitution of the Fifth Republic of France, giving French predominance in French West Africa (table 2) (Chafer, 2002, chap. 6).

However, when Guinea voted for outright independence, “the French government reacted peevishly and punitively by severing ties with Guinea, withdrawing all French personnel, and taking with them all their equipment including typewriters and telephones” (Khapoya, 1988, p. 182). France also informed that Guinea would receive no further public investment or budgetary aid from France. In 1959, Guinea turned to the Communist countries for support while urging other French African colonies to seek total independence (Charles 1980, p.91).

The harsh treatment to Guinea clear showed that French paternalism worked only if African colonies followed the French intention. By 1960, the colonies in French West Africa – clearly unhappy with the French reaction to Guinea – requested independence. The costly independence wars in Indochina and Algeria shifted French colonial policy toward independence.
Most of the French decolonization in sub-Saharan Africa started in 1958 and completed in 1960 (table 1). The French spent less than two years for decolonization: in the extreme case, Guinea attained independence in five days. Consequently, the former French colonies in Africa were required to make their institutions (for example, constitutions) by themselves in haste to attain independence.

Belgium

Compared to Britain and France, the Belgian government lacked a strategic long-term vision in relation to its three colonies. The Belgians acted as though little had changed in reality and assumed that they would remain to control it or at least to control Congo’s vast mineral wealth. The independence of Ghana in 1957 and President De Gaulle’s August 1958 visit to the French Congo (in which he promised France’s African colonies would have the free choice between a continued association with France or full independence) clearly accelerated demand for independence in Belgian Congo. In October 1958, Patrice Lumumba founded Mouvement National Congolais (MNC) drafted a demand for full independence for the Belgian Congo (O’balance 2000, pp.2-10).

As a result of the inability of the colonial government to introduce radical and credible changes, the situation rapidly deteriorated. Heavy riots broke out and everywhere authority was being undermined including widespread refusal to pay taxes. The wildest rumors circulated, and the whites began to send their women and children home. The Belgian government wanted to avoid at all cost of bloody colonial war, as had happened to France in Vietnam and Algeria or to the Netherlands in Indonesia. To stop the riots, the Belgian Government first planned gradual transition between colonial rule and self-government, such as has been adopted in most of the British colonies. However, in a round-table conference to discuss independence, the Congolese leaders – especially Lumumba – demanded quick independence. The Belgium government, although it recognized the danger of premature withdrawal, agreed to grant full independence by May 1960 (Martelli 1962, p.226).
The decolonization history of Congo illustrates how premature independence combined with the Cold War generated a catastrophe. Five days after independence, Belgium – claiming to protect Belgians in Congo – sent troops to restore orders as though the Congo were still a colony. Lumumba – who became a prime minister of Congo – appealed to the United Nations. Lumumba was dissatisfied with the pace of United Nations and planned to request Soviet help unless Belgian troops were withdrawn. Although the Belgian government withdrew its troops, the new government had been unable to control administrative problems compounded by the mass departure of Belgian civil servants and technicians (Roth 1979, p.46).

Lumumba – invariably called a Communist by several Western magazines and newspapers (Okumu 1963, p.186) – decided to accept substantial Soviet aid. The decision led to the first step of Congo catastrophe – the assassination of Lumumba (Roth 1979, p.48). de Witte (2000), based on newly declassified Belgian archives, revealed that the Belgium government – extremely dissatisfied with Lumumba – assassinated Lumumba with the aid of the United States determined to prevent Communism. A series of military coups and civil wars occurred after Lumumba’s death.

**Portugal**

Portugal chose the policy of perpetuation. In the 1950s, Portugal (with Ireland and Greece) was one of the three poorest countries in non-Communist Europe and it needed its colonies both as a source of wealth and as lands to which poor Portuguese peasants could be sent to start a new life. In the 1950s, the Portuguese overseas colony was rebranded an overseas province of Portugal, and by the early 1970s it was officially upgraded to the status of Portuguese non-sovereign state, by which it would remain a Portuguese territory but with a wider administrative autonomy (Chabal 2002, p.29-32).

Over this period the number of Portuguese settlers in Angola and Mozambique was increased rapidly: in Angola from 30,000 in 1930, to 44,083 in 1940, to 78,826 in 1950, to 172,529 in 1960 and
335,000 in 1973; and in Mozambique from 18,000 in 1930, to 27,400 in 1940, to 48,200 in 1950, to 97,200 in 1960, and 200,000 in 1973 (Newitt 1981, p.164).

The Portuguese regime, meanwhile, refused to accede to the demands for independence arguing that an African state without white sovereignty was total unviable. This policy provoked an armed conflict. Black guerrillas attacked both white and black civilians in cross-border operations in northeastern Angola in 1961. Portugal sent troops to control its colonies. The war came to be known as the Colonial War along with other wars of Guinea-Bissau in 1963 and Mozambique in 1964.

Once the guerrilla forces had been repulsed, Lisbon turned its attention to reforms. The reforms of September 1961 intended to abolish forced labor [and] illegal land expropriation. Those policies were part of an overall effort to win the hearts and minds of Africans. Officials in Lisbon hoped to show Africans that they had more to gain by staying with Portugal than by supporting the independence movements. Compared to its pre-war performance, Portugal expended considerable effort and money in an attempt to improve social and economic opportunities for Africans (Newitt 1981, p.219). The regions where the Portuguese controlled securely and reformed institutions did experience robust development during the Colonial War periods (Ferreira 2006; El-Khawas 1974)

In 1974, the military-led coup – the Carnation Revolution – returned democracy to Portugal, ending the unpopular Colonial War. Portugal’s new regime pledged itself to end the colonial wars and began negotiations with the African independence movements. Portugal granted independence to Portuguese Guinea in 1974 and to Cape Verde, Mozambique, São Tomé and Príncipe and Angola in 1975.

However, the Cold War played a critical role in Portuguese colonies. In Angola and Mozambique – two major colonies of Portugal – armed political organizations instigated by the Soviet. After independence, Angola and Mozambique became communist countries and civil wars promptly broke out between communist governments supported by the Soviet and non-communist groups supported by the United States.
3. Post-colonial Reforms and the Cold War

Post-colonial Reforms within the British Colonies

Through the decolonization process, Britain transferred its institutions to protect its white settlers. The property clause in the Kenya Constitution of 1963 reveals most of the standard terms evolved for the protection of such rights and interests. It stipulated that no property of any description should be compulsorily taken except upon the satisfaction of certain conditions. Among these conditions, first the taking must have been necessary to promote the public benefit. Second, the action must provide for the prompt payment of full compensation. Third, the expropriatee was entitled to repatriation of compensation to any country of his choice (Ng’ong’ola, 1992).

However, “newly independent states wished to establish the power of eminent domain in their territories, emphasize their sovereignty over natural resources, and remove the ownership of property which had been acquired during colonial times in a way whose legitimacy was questionable” (Banning, 2002, p. 155). Thus, after independence most of the former British colonies in Africa supported the public interests (that is land redistribution) over property rights and repealed the constitutions initially implemented by the British. For example, “the Malawi government was decidedly against a full Bill of Rights because it was apparently not so effective in ensuring protection of minority groups” (Ng’ong’ola, 1992). The governments of Nigeria and Uganda repealed their constitutions for the similar reasons. Furthermore, the constitutions were granted by the British and many Africans thought the British-inspired constitutions did not reflect the realities of each territory. Finally, socialism and centralism, which imply a much greater involvement of the state in economic and social affairs, did affect on African colonial leaders (Allott 1967).
Most African countries repealed the constitutional safeguards after independence, especially, the clauses guaranteeing the repatriation of compensation to any other country. They were in fact hurriedly deleted from the constitutions of most other countries in the region due to the exchange rate issue after independence, including the constitution of Kenya, which was also otherwise less inclined to interfere with the inherited constitutional safeguards. In extreme cases, Malawi, Zambia and Zimbabwe completely expunged the constitutional safeguards against property expropriation for the public interests. Only Botswana and Mauritius kept the constitutional safeguards against property expropriation, especially the repatriation clause (Read 1975; Ng’ong’ola 1992; Allen 2000).

The enactment of new compulsory acquisition legislation was a disaster for property rights. For example,

Section 3 of the Zambian Act stipulates that "the President may, whenever he is of the opinion that it is desirable or expedient in the interests of the Republic so to do, compulsorily acquire property of any description". Section 3 of the Malawi Act uses the same language except that the acquiring authority is the minister [who for a long time has been the Life President of the Republic] responsible for land matters.

In Malawi the minister has the responsibility of assessing "fair compensation", and his award "shall be final and shall not be subject to any appeal, or to any review by any court". In Zambia, too, the first assessment must be conducted by the minister. He may seek advice and assistance from a Compensation Advisory Board constituted in terms of Part VI of the Act, but he is not bound to follow any such advice or recommendation. (Ng’ong’ola, 1992)

The Zimbabwean provision refers to the ‘compulsory acquisition of property without compensation.’ (Allen, 2000, p. 63)

One can easily see room for corruption under these circumstances, even if the original purpose of this repeal was to redistribute idle white settlers’ land to landless peasants (Allott 1967).

These historical facts suggest that keeping and maintaining the institutions that secure property rights might be one of the causes of stable institutions in Botswana and Mauritius.\(^2\)

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\(^2\) A similar situation is observed in the commonwealth countries in the Caribbean and the Pacific. Among the Caribbean islands countries, St. Kitts and Nevis, and St. Lucia have clauses in their constitutions about repatriation.
The Soviet and Chinese influences in Africa

Most African countries attained independence after World War II, however this was the era in which the Cold War had been intensified. The former colonizers warned about the dangers of Communism. However, facing the Cold War, newly independent countries of the Third World tried to overcome their problems by using their strategic positions (Arnold 2005, p.58 - 60). For example, when France cut its tie to Guinea, Guinea turned into the Soviet aid. Lumumba used the Soviet as a leverage to United Nations when Belgian troops came to Congo. The Soviet was major arms supplier in Angola, Mozambique and Ethiopia (Macfarlane 1992). Moreover, Marxism had played an important role as an instrument of resistance in many African colonies. Socialism and centralism, which imply a much greater involvement of the state in economic and social affairs, did affect on African colonial leaders during the post-colonial reforms within the British colonies (Allott 1967).

The Soviet impact was first felt in Africa at the time of Suez Crisis and subsequently the Soviet had provided economic aid to Algeria, Congo, Ethiopia, Ghana, Guinea, Mali, Nigeria, and Somalia in the 1960s. Interestingly, the Soviet influence in Africa met with fierce competition from China. China provided aid to Algeria, Egypt, Guinea, Mali, Sudan, Tanzania and Zambia in the 1960s (Arnold 1979, ch 7 and 9).

4. Statistical Analysis

Historical facts suggest that the degree of transfer of institutions was different due to the different decolonization policies. Moreover, in the British colonies, the degree of property rights

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3 The Soviet provided funding and technicians for Aswan High Dam.
protection is directly linked to the extent to which post-colonial governments preserved or repealed features of the constitutions inherited from the British. Finally, Communism destroys property rights in some countries and provided a cause of civil wars in Africa.

For empirical investigation, all African countries are divided by colonial origins. Then, the former British colonies are divided into three groups: 1) the countries kept the British inspired institutions (BRITAIN-STRONG); 2) the countries expunged the British institutions (BRITAIN-WEAK); 3) the countries in between (BRITAIN-MEDIUM). The British colonies that kept institutions serve as a reference group.

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4 The division of colonial origins follows Nunn (2008) except Seychelles. Nunn (2008) classified Seychelles as a French colony, but Seychelles was a British colony. Cameroon, that had two colonizers, is classified as a French colony because France controlled major part of Cameroon. This criteria applied to other colonies that had two or more colonizers.
Figure 1. Africa’s War

The relationship between the constitution and institution measure (the rule of law) is estimated by the following equation:

\[
\text{INSTITUTION} = a + b' \text{ COLONIAL ORIGIN} + c' \text{ POST-COLONIAL REFORM} + d \text{ COMMUNISM} + e \text{ WAR} + f' \text{ X}
\]

where INSTITUTION is measure of institutional quality (from Kaufmann, Kraay, and Mastruzzi 2007) – RULE of LAW⁵ and POLITICAL STABILITY are used as the measure of economic and political institutions, respectively (the units is measured follow a normal distribution with a mean of zero and a standard deviation of one); COLONIAL ORIGIN is a vector of dummy variables that indicate the origin of colonizer; POST-COLONIAL REFORM is a vector of dummy variables that indicate the status legal property rights after post-colonial reforms in the British colonies; COMMUNISM equals one if the country had been a communist country or received economic aids from the Soviet or China in the 1960s. WAR equals one if the country experienced colonial wars for independence or civil wars after independence (figure 1). X is a vector of control variables that are meant to capture differences in countries’ geography and cultures affecting institutional quality (ETHNIC FRAGMENTATION from Alesina et al. (2003); PERCENTAGE OF ISLAM from Parker (1997); LOG (SLAVE EXPORT/AREA) from Nunn (2008); LOG (POPULATION in 1400) from Acemoglu et al. (2002); LOG (AVERAGE GOLD PRODUCTION), LOG (AVERAGE OIL PRODUCTION), LOG (AVERAGE DIAMOND PRODUCTION) from Nunn (2008)).

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⁵ Measuring perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence
Table 3. OLS regression results

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<th>Dependent Variable: POLITICAL STABILITY</th>
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<td>NOT COLONIZED</td>
<td>-1.133*** (.423)</td>
<td>-1.137* (.589)</td>
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<td>-1.154*** (.363)</td>
<td>-1.054** (.506)</td>
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<td>BRITAIN-WEAK</td>
<td>-1.689*** (.401)</td>
<td>-1.443*** (.558)</td>
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<td>PORTUGAL</td>
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<td>-.307 (.491)</td>
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<tr>
<td>FRANCE</td>
<td>-1.560*** (.374)</td>
<td>-1.301** (.521)</td>
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<tr>
<td>BELGIUM</td>
<td>-1.854*** (.466)</td>
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<td><strong>Other Socio-economic factors</strong></td>
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<td>WAR (colonial / civil)</td>
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<tr>
<td>NORTH AFRICA INDICATOR</td>
<td>.491 (.428)</td>
<td>-.258 (.596)</td>
</tr>
<tr>
<td>LOG (SLAVE EXPORT/AREA)</td>
<td>.016 (.029)</td>
<td>.041 (.041)</td>
</tr>
<tr>
<td>LOG (POPULATION in 1400)</td>
<td>.037 (.093)</td>
<td>-.011 (.129)</td>
</tr>
<tr>
<td>LOG (AVERAGE GOLD PRODUCTION)</td>
<td>.025* (.013)</td>
<td>.027 (.018)</td>
</tr>
<tr>
<td>LOG (AVERAGE OIL PRODUCTION)</td>
<td>.003 (.021)</td>
<td>-.009 (.029)</td>
</tr>
<tr>
<td>LOG (AVERAGE DIAMOND PRODUCTION)</td>
<td>-.112*** (.037)</td>
<td>-.129** (.052)</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.8170</td>
<td>0.8046</td>
</tr>
<tr>
<td>Number of observations</td>
<td>51</td>
<td>51</td>
</tr>
</tbody>
</table>
The regression result (table 3) indicates decolonization policies and post-colonial reforms impacted institutional quality in Africa. After controlling other factors, the quality of economic and political institutions can be ranked as follows:

1. British colonies with strong institutions
2. Portuguese colonies
3. British colonies with medium institutions and Not-colonized countries
4. French colonies
5. British colonies with weak institutions
6. Belgian colonies

British colonies that kept all institutions have far stronger institutions than other colonies. Portuguese colonies that experienced institutional transfer during the Colonial War have the second best institutions. Interestingly, the qualities of not colonized countries institutions are very similar to those of the British colonies with medium institutions. French colonies have worse institutions than the British colonies with medium institutions, but have better institutions than the British colonies with weak institutions. Belgium colonies are worse than the British colonies that expunged the British institutions.

The regression results also suggest that colonial wars and civil wars destroyed the both of economic and political institutions severely. However, close ties to communist countries and ethnic fragmentation hurt political institutions more severely than economic institutions. One can also observe the existence of bloody diamond in Africa\(^6\). More diamond production degraded the quality of both institutions in Africa.

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\(^6\) Diamonds that are mined within a war zone and sold to finance insurgent activities, civil insurrection, or an invading army’s campaign are called as ‘blood diamond.’ Since the 1950s rebel groups in Angola, Democratic Republic of Congo, Liberia, and Sierra Leone seized diamond mines, traded their rough diamonds for weapons and cash. For resource curses, see Andersen and Aslaksen (2008).
6. Conclusion

The British were more effective in transferring their legal systems than were other colonizers. The British did set up non-extractive institutions, although the white settler communities in the colonies were small. However, the post-colonial reforms created the substantial divergence within the British colonies. The revised constitutions of some African countries provide clear examples of extractive institutions which many previous studies defined vaguely. The French did not transfer its institutions but left some political legacy in sub-Saharan Africa, relatively peaceful independence through voting and political negotiations. The Portuguese transferred its institutions to perpetuate its colonies, but the Cold War stepped in. The Belgians could not control its colonies. The empirical estimates suggest that the current institutions of Africa are the results of many factors including decolonization policies, nationalist movements, post-colonial reforms and, the Cold War.
References


