

Are Institutions Portable? Settlement Patterns and Patterns of Governance

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Studies of the economic legacy of European colonialism have typically distinguished between European settler colonies, such as New Zealand or the United States, which are stable, democratic and wealthy, and countries in which an indigenous or slave population was made to work in extractive industries, such as Haiti or Bolivia, which remain unstable, undemocratic and poor. However, many settled colonies do not fit this dichotomy, as since 1500 more territories have been peopled by Indian, Chinese, and free African migrants than by Europeans. Such countries exhibit widely varying degrees of economic development and forms of governance, ranging from authoritarian developmental states such as Singapore, to failing states such as Equatorial Guinea, from pluralist democracies such as Israel, to Islamic republics such as the Comoros. Using both population survey data on norms of public behavior and perception-based indices of governance, this paper explains such variation as a function of population flows. Chinese settlement is associated with significantly lower public tolerance of bribery and tax evasion and better bureaucratic quality and rule of law, while both Jewish and Indian settlement are predictive of greater respect for the rules of democratic procedure. We consider the hypothesis that Eurasian migrants bring beneficial norms due to earlier state formation in Eurasian civilizations. Two historical case studies, Trinidad and Taiwan, are examined in depth as illustrations of how settlement flows determine patterns of institutional evolution.

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Settlement Patterns and Patterns of Governance

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1. Introduction

Studies of the economic legacy of European exploration and colonial development have converged on a dichotomy between European settler colonies such as New Zealand or the United States, which are well-governed and economically advanced, and countries in which the indigenous population plus imported slaves were made to work in extractive industries, which today remain unstable, undemocratic, and poor. Using data on rates of settler mortality, Acemoglu, Johnson and Robinson (2001) show that a key factor in understanding patterns of governance across former colonies is whether Europeans were able to survive there, as in temperate regions such as North America and the Antipodes, Europeans settled and developed productive institutions, while in tropical regions such as the Caribbean, which were unsuitable for European settlement, Europeans developed 'extractive' institutions based on mining, plantations, and slavery. Subsequent empirical studies such as those by Rodrik et al. (2002) or Kaufmann et al. (2002) have shown the dichotomy between European settler and extractive colonies to be an effective heuristic for explaining differences in norms of governance. By using the proportion of the population speaking a European language as a variable to predict institutional quality, these authors conclude that the presence of European settlers determines such institutions as representative government, bureaucracy, and the rule of law, while absence of European settlement predicts authoritarian rule, clientelism, and insecure property rights.

However, there are many countries that do not fit this dichotomy between European 'settlement' and non-European 'extractive' colonies. Since 1500 there have been scores of territories settled by peoples that were neither imported slaves nor Europeans, but were instead populated by free migrants from India, China, and the Middle East, such

that a greater number of independent countries today have been settled since 1500 by non-Europeans than by Europeans². These non-European settler societies include Indian-settled states such as Mauritius, Chinese-settled states such as Taiwan, and African 'Bantu' settled states such as Namibia or Madagascar.

This study argues that by bringing this third category of countries into the analysis, we can sharpen our understanding of why institutional quality varies among post-colonial regimes. Chinese settler states for example have better ratings for bureaucratic quality and public service delivery than many states in Europe, and Indian-settled countries such as Mauritius or Trinidad and Tobago have a better record of adherence to democratic norms than those countries settled by the Portuguese or Spanish³. These effects appear to be constant irrespective of the colonial power, with Chinese living under Portuguese rule in Macao, British rule in Hong Kong, and Japanese rule in Taiwan establishing comparably high norms of bureaucratic efficacy or public service delivery against their counterparts in other former European colonies. This suggests that features intrinsic to the migrant groups themselves, such as skills, values, norms, may determine the norms of post-independence elites, contrary to literatures that suggest that colonial rulers are primarily responsible for either building state capacity (Amsden 1985, Huff 1994, Kohli 1994, Lange 2003, Wade 1990) or undermining nascent political institutions (AJR 2002, Boone 1994, Mamdani 1996, Migdal 1988, Reno 1995).

The rest of this study proceeds in three stages. In the next section, we describe the

² Of the 140 countries in the Putterman and Weil (2009) dataset, 16 were freely majority-settled by non-Europeans against 15 by Europeans. See Table 2.1 for description of data and countries.

The majority European freely settled states are New Zealand, Canada, the United States, Australia, Argentina, Brazil, Chile, Costa Rica, Cuba, El Salvador, Nicaragua, Paraguay, Puerto Rico, Uruguay, and Venezuela. The majority non-European freely settled states are Botswana, Equatorial Guinea, Fiji, Guyana, Hong Kong, Israel, Jordan, Kuwait, Mauritius, Namibia, Qatar, Singapore, Swaziland, Taiwan, and Trinidad and Tobago.

³ The average 2005 World Bank rating for government effectiveness, an index of bureaucratic quality and public service delivery, among majority-Chinese settler states is 1.63, against 0.58 in Italy or 0.92 in Portugal. Meanwhile, the 2005 Voice and Accountability ratings of the World Bank give Indian settlement colonies an average score of 0.55, higher than the 0.43 average among the majority Spanish and Portuguese settled countries of Latin America.

sample of non-European settler colonies. The third section conducts a series of multivariate regressions with the aim of demonstrating the association between settlement flows and various dimensions of governance, as well as between the attributes of settlers and their political norms. Section four delves into two historical case studies, the Republic of Trinidad and Tobago and the island of Taiwan, with the aim of describing the process by which settlement patterns have affected the development of contemporary political institutions. Finally, section five concludes.

2. Non-European Settler Colonies

A motivating consideration for this study is the observation that the prevailing view of colonial settlement is somewhat ethnocentric. It is widely assumed that during the period of European colonial rule, Europeans did most or all of the settlement in their lands in the Americas, Africa, and the Pacific, and studies of the effects of colonial settlement tend to treat 'European settler colonies' and 'settler colonies' as synonymous (Easterly and Levine 2009, Rodrik et al. 2002). However, during the era of European colonialism, just as many territories were settled by non-Europeans as by the rulers themselves. Indians were encouraged to migrate as indentured labour to Trinidad, Guyana, Fiji, Mauritius, East Africa and the Gulf; Chinese workers settled in Hong Kong, Singapore, and Malaysia under the British, and in Indonesia and Taiwan under the Dutch; and regardless of colonial policy, native African or 'Bantu' settlers, rather than the British, Dutch or French, proved the main source of new population in South Africa, Namibia, and the island of Madagascar (Andrade 2008).

A comprehensive view of colonial settlement by origin can be gained using the data of Putterman and Weil (2009), who have compiled a matrix showing the share of the year 2000 population in every country that is descended from people in different source countries in the year 1500, using a combination of genetic and documentary evidence to attribute fractions to each country. The indigenous population is simply the diagonal of the matrix, representing the proportion of the population whose ancestors trace their heritage to the same geographic territory at least five centuries earlier. In 39 of the 165 countries included in the Putterman and Weil sample, a majority of the population is descended from abroad, and these states constitute our sample group.

Table 2.1 shows the resultant sample, divided into three quadrants depending on the origin of the settlers: i) countries in which a majority of the population are descended from Europeans; ii) countries in which a majority of the population are descended from free movement of non-Europeans; iii) countries in which a majority of the population are descended from non-Europeans brought under the condition of slavery. Of the 39 settled territories identified by this strategy, 15 are majority European settled, 16 are majority non-European settled, and 5 are people by non-Europeans under conditions of extractive institutions (brought as slaves). By settlement origin, these states can be divided into Anglo-Saxon, Chinese, Indian, African and Latin settled territories.

Table 2.1 Sample – All Countries with Majority Population Historically Descended from Abroad (post-1500)

		Majority brought as slaves	
		yes	no
Majority Europeans	yes	-	New Zealand, Canada, United States, Australia, Argentina, Brazil, Chile, Costa Rica, Cuba, El Salvador, Nicaragua, Paraguay, Puerto Rico, Uruguay, Venezuela
	no	Haiti, Belize, Cape Verde, Comoros, Dominican Republic	Botswana, Equatorial Guinea, Fiji, Guyana, Hong Kong, Israel, Jordan, Kuwait, Mauritius, Namibia, Panama, Qatar, Singapore, Swaziland, Taiwan, Trinidad and Tobago, (Colombia)*, (Honduras)*

Note: based on estimates by Putterman and Weil (2009).

* Colombia and Honduras are situated in the lower-right quadrant, despite having a large proportion of European settlers, as this does not amount to more than fifty per cent of the population. They are part of the sample, however, as non-European and European foreign settlers together constitute a joint majority. They are not included among the 16 'non-European settler colonies' cited throughout the study.

Table 2.2 Corruption, Government Effectiveness and Voice and Accountability, Settler Colonies Only, by Settlement Origin

	Corruption	Effectiveness	Voice	Cases	GDP capita (\$ PPP)
African	-0.25	-0.21	-0.23	5	2,359
Indian	-0.35	0.08	0.55	4	4,166
Iberian	0.24	0.26	0.43	8	5,131
Chinese	1.55	1.63	0.34	3	24,079
Anglo-Saxon	2.06	1.94	1.37	4	25,167

Table 2.2 shows the variation in three measures of governance, as well as income per capita, for the sample of states that have been freely settled since 1500. The three variables chosen are from the Worldwide Governance Indicators project of the World Bank, and measure corruption, government effectiveness, and voice and accountability. The corruption measure indicates the prevalence of such practices as graft, embezzlement, and extortion; government effectiveness measures the effectiveness of the bureaucracy and the quality of public service delivery; and voice and accountability measures adherence to democratic norms such as the holding of regular, free and fair elections (Kaufmann, Kraay and Mastruzzi 2007). Chinese settler colonies, in particular, exhibit levels of government effectiveness and control of corruption that are comparable to those found in the Anglo-Saxon settler colonies.

Note: Countries included are only those in which at least 50 per cent of the population trace origin to an ethnic group not indigenous to that territory prior to 1500.

SAMPLE DESCRIPTION

i) Chinese Settler States

The Chinese settler states include Hong Kong, Singapore and Taiwan. Neither Singapore nor Hong Kong had a very substantial population at the beginning of the twentieth century; in effect, the entire population of both territories traces descent to migrants from outside. Taiwan does have an indigenous population, though following the Putterman and Weil (2009) estimates, only 2 per cent of the Taiwanese population is 'purely' indigenous (tracing a history to ancestors in the country five centuries ago), with the remaining 98 per cent tracing descent to mainland China, having settled in the territory during the era of Dutch colonial rule in the seventeenth century and the Qing

governorship of the island that lasted from 1683 until 1895 (Andrade 2008). All three Chinese states share a number of notable attributes, namely, exceptionally high ratings for quality of governance, including public service delivery, control of corruption and the rule of law. Indeed, on such dimensions these states perform better than those of any other grouping. Of the three, however, only Taiwan is considered 'free' by Freedom House (Freedom House 2009).

ii) Indian Settler Colonies

The Indian settler colonies include Trinidad and Tobago, Guyana, Fiji and Mauritius. In common with India, these were British colonies and achieved their independence under British tutelage. Indians largely settled in these colonies after being brought in as indentured labourers following the abolition of slavery, and in each country, today share the polity with the descendents of Africans and indigenous groups who were earlier used as slaves. Like India, the Indian settler colonies score poorly on measures of corruption and public service delivery, but relatively well on measures of democratic performance – better, for example, than the eight Latin American countries where a majority of the population traces their descent to Portugal or Spain. Following independence each was able to establish itself as a stable multiparty democracy with peaceful transitions of power. The Indian settler colonies have also been marked by conflict between Indian and African minorities, as economic development has bifurcated along group lines. In some instances this has led to non-democratic actions against the Indian community, for example in Fiji (2006) where a coup d'état led to a minor curtailment of Indian involvement in political roles. Unlike in Latin America, however, there is no instance of Indian economic elites suspending a democratic constitution in order to prevent expropriation by populist parties.

iii) African Settled Territories

The post-1500 African settled states include Botswana, Swaziland, Namibia, Cape Verde, and Equatorial Guinea. They may be considered different from the Chinese and Indian settler colonies insofar as settlement was primarily agrarian, during the last phase of the Bantu Expansion, as these groups extended their reach into new territories of Southern and Southwestern Africa. There are also several countries such as South Africa and Madagascar, in which Bantu settlers played an important role, but did not reach majority over the indigenous population. In Namibia, indigenous hunter-gatherer groups such as the Khoisan were displaced by the arrival of Bantu pastoralists, as were the indigenous peoples of Botswana and Swaziland. In the case of Namibia and Equatorial Guinea, there was also some European settlement during the colonial era. Bantu settlement of these territories also continued under the aegis of European colonial rule, from the late nineteenth to mid-twentieth centuries. The African settler countries have a quality of governance that is about a quarter of a standard deviation superior to the African mean on each of the three dimensions listed, though this gap disappears if Botswana is excluded from the sample.

3. Testing the Effect of Settlement Patterns

While this study looks at the effects of colonial settlement flows, studies of institutional quality in post-colonial states have generally focused on the attributes of colonial rulers, rather than the peoples that they governed. A positive association between British colonial rule and development, for example, was first noticed by Bollen and Jackman (1985), and subsequently further investigated by Brown (2000), Grier (1999), La Porta et al. (1999), Sokoloff and Engerman (2000) and Lange (2003). Kohli (1994) has also made the case for a positive legacy of Japanese colonial rule, arguing that under the Japanese influence the Korean state was transformed from a relatively corrupt and ineffective social institution into a highly authoritarian, penetrating organization, and that a similar legacy can be detected in Taiwan (Kohli 1994). Meanwhile, numerous studies have examined the deleterious effects of French and in particular Belgian colonial rule. Lee and Schulz (2009) examine the effects of French rule in East Cameroon, arguing that the institutional legacy of civil law undermined autonomous institutional development, while Brausch (1961) and Mamdani (1996) have examined the deleterious effects of Belgian rule in the Congo and the Great Lakes, arguing that the highly extractive policies adopted under the Congo Free State and the system of ethnic segregation in Rwanda-Urundi established extreme norms of corruption and discrimination.

Relatively few researchers, however, have considered changes in the attributes of the colonial populations themselves and how these may have affected norms of government. Instead, where settlement patterns have formed part of the analysis, the tendency has been to focus on European settlers rather than settlement by other groups. Hall and Jones (1999), for example, include a variable for the legacy of

settlement patterns, but with a focus on the fraction of Europeans rather than other migrants such as Chinese, Indian, or Middle Eastern newcomers, and this precedent is followed in empirical studies by Kaufmann et al. (1999), Acemoglu, Johnson and Robinson (2001), Rodrik et al. (2002) and Easterly and Levine (2009). This study argues that a more nuanced understanding of the legacy of colonial settlement is required, not least of all in view of the important role played by non-European settlers during the colonial period.

State History

If settlement flows directly affect institutional quality, what are the causal pathways by which this operates? A first means by which settler origins might have affected the institutions of governance in colonial territories is the legacy of state history of the societies from which settlers arrived. Thus arrivals from China were already accustomed to norms of bureaucratic recruitment via examination, payment of taxation, and loyalty to a sovereign, and brought such norms to the territories in which they settled; in addition, important differences in the distribution of human capital may also have facilitated recruitment into such roles. This is in essence the argument developed by Putterman and Weil (2009), who argue that inhabitants of Eurasian states were the beneficiaries of earlier agrarian development (Diamond 1997), urbanization (Acemoglu, Johnson and Robinson 2002), and ultimately a longer state history (Bockstette et al. 2002).

Social Institutions

A second causal pathway from settlement to governance outcomes is that not only political norms, but also the societal practices of settlers' lands of origin may have had important consequences for the evolution of political institutions in their destination countries. For example, it has been argued that non-hierarchical religions such as Protestantism and Judaism may be associated with greater norms of civic activism, including participation in protest, petition, and voluntary organizations, and these in

turn may deliver more accountable government by placing pressure on political representatives to behave accountably (Putnam 1993, Paxton 2002). Alternatively, some have argued that the so-called 'axial' religious systems promoted universal codes of conduct, leading to less frequent infringements of property rights (Jaspers 1953, Eisenstadt 1982), while others have argued that 'individualistic' cultures are more likely to give rise to third-party enforcement mechanisms capable of enforcing contracts (Greif 1992, 1994). Whatever the precise mechanism, if institutional change can arise from either change in preferences or in relative prices (North 1990), it follows that such culture-specific variation in preferences could in some way pattern institutional variation.

EMPIRICAL DESIGN

How can we test the extent to which population flows determine the nature of governance in these post-colonial states? To explore possible association between settler origin and features of contemporary governance such as the frequency of free and fair elections, security of property rights or quality of public service delivery, we conduct a simple analysis in two steps. First, we construct a set of instrumental variables, measures of settlement by historical origin, specifically the proportion of settlers who trace origin to the historically protestant regions of Northern Europe, the proportion from historically Muslim areas of the former Ottoman Empire and Persia⁴, the proportion from the territories of the Chinese Empire and Japan, and the proportion hailing from the historically Catholic parts of Southern Europe⁵. Then, having

⁴ In the estimates by origin, Jewish immigrants to Israel are estimated separately.

⁵ The regressions were estimated using religious fractions based on La Porta et al. (1998), though when we consider settler colonies alone, these are broadly collinear with estimates based on political-civilizational grouping. Among the sample of 39 states, the correlation between the proportion of settlers who are Hindu and those whose ancestors migrated from the Mugal Raj is 0.997, the correlation between the fraction Protestant and those migrated from the British Isles is 0.99, the correlation between the proportion Muslim and migration from the former Ottoman Empire is 0.971, the correlation between the proportion Buddhist and those migrated from the Chinese Empire is 0.999, and the correlation between the proportion Catholic and the proportion of migrants from the former Habsburg territories is 0.962. This is so despite the fact that

constructed the instruments for population by civilizational origin, we conduct a two-stage least squares regression design, the first stage of which instruments for political norms using the settlement by historical origin measures, and the second stage of which tests for the effects of such norms on measures of contemporary quality of governance. In taking only lagged historical variables as independent variables, the empirical design of this section follows the precedent of the deep determinants of growth literature, except that governance rather than income per capita is the dependent variable (Rodrik 2002, AJR 2001, Kraay et al. 1999, Frankel and Romer 1999)⁶. While many factors may determine the distribution of political norms in the world today, the two-stage design is primarily intended as a means of isolating that portion of the variance in such norms that is due to deep historical determinants, such as settlement patterns, rather than proximate causes, which are assumed to be endogenous to the initial condition.

Equations 1-3 summarize the very basic empirical strategy of this section.

Equation (1) - generation of 'descendants by historical group' variables

$$R = r' M'$$

Equation (2) – first stage regression, values on historical group variables

$$v = \alpha_1 + \beta_1 R + \beta_2 C$$

most Chinese emigrants were not Buddhists, for example, or that many emigrants from the former Mugal Raj were not Hindu, because of the emigrants who were Buddhist, almost all came from the territory of the former Chinese Empire and of the emigrants who were Hindu, almost all came from the territory of the former Raj, ensuring a high bivariate correlation.

⁶ This design satisfies the exclusion restriction, as it is difficult to imagine how settlement patterns could affect political behavior if not via norms (regardless of what other elements may be present in this mechanism), and because we have no a priori reason to believe that migrants from any given region were disproportionately attracted to colonies which at the outset had better or worse institutions.

Equation (3) – second stage regression, governance on values (instrumented)

$$\mathbf{g} = \alpha_2 + \beta_3 \hat{\mathbf{v}} + \beta_4 \mathbf{C}$$

Equation (1) summarizes the matrix operation required to generate the variables for proportion of a country descended from different cultural-religious groups, where \mathbf{R} is a k by n matrix of the proportion of each of Protestant, Muslim, Catholic, 'Buddhist' and Hindu descent, which is derived by the matrix multiplication of the vector \mathbf{r} representing the k by 1 fractions of each country belonging to each religious group (taken from the estimates of La Porta et al. 1999), and \mathbf{M} representing the Putterman and Weil matrix of post-1500 population flows⁷. \mathbf{R} therefore contains six column variables, each an estimate for the proportion of population by country descended from each major civilizational grouping.

Equation (2) shows the equation to be estimated for the first stage of the two-stage least squares regression, where \mathbf{v} is each from the set of four value norms just outlined, \mathbf{R} is the matrix representing the set of variables for the proportion of the population today descended from each religious-cultural group in 1500, β_1 is a vector of their estimated coefficients, \mathbf{C} is a matrix of control variables including whether a country was a colony, and an index of ethnolinguistic and religious fractionalization, and β_1 is a vector of their estimated coefficients.

In order to measure adherence to political norms, data are taken from the World Values Surveys, which include a series of items which ask respondents for their views on a range of political norms and behaviors (World Values Surveys 1981-2007). *BRIBE*

⁷ The transpose, \mathbf{M}' is used so as to arrive at the proportion from each cultural-religious group that arrived in each country, rather than the proportion which flowed out from that country.

measures the average response of interviewees when asked to rate on a scale from 1-10, how justified or otherwise it is for someone to accept a bribe in the course of their duties. *COUP* asks how much of a 'good thing' it would be for the army to 'take over', when the 'government is incompetent'. *ELITE* asks whether 'experts' rather than government should 'make decisions according to what they think is best for the country'. Finally, *TRUST* measures the proportion of respondents replying that 'in general people can be trusted' rather than 'you can't be too careful who you trust'. Together, these items measure the degree of social acceptability of various norms that are central to political institutions, such as clientelism and graft, the separation of military and civilian roles, bureaucracy, or adherence to the rule of law. This regression is conducted at the country level on the entire World Values Survey dataset, which includes 18 cases from among the settler colonies; 6 that are predominantly peopled by free non-European settlers (Hong Kong, Singapore, Trinidad, Taiwan, Israel, Jordan), one predominantly settled by the descendants of Africans brought as slaves (Dominican Republic), and the remainder that are predominantly settled by Europeans. Due to the low sample size from among the settler colonies themselves, the entire sample is used to estimate the first-stage effects of political-historical legacy upon norms of political conduct.

Equation (3) estimates the effect of political norms, instrumented using settlement by religious-cultural group, upon quality of governance. As measures of quality of governance we use recent estimates from the Worldwide Governance Indicators (Kaufmann, Kraay and Mastruzzi 2009). The variables used are those listed in Table 1.0, namely, government effectiveness, voice and accountability, and control of corruption. As controls are included variables for ethnolinguistic fractionalization, whether a country was a colony, the identity of the colonial power (Japanese, British, and Spanish), and the proportion of the population that is indigenous to the territory⁸.

⁸ Also tested for was the theory that the circumstances under which settlers were brought to a colony should matter: whether they were free colonists or coerced labour. A dummy variable is included for whether a majority of the population derive from slaves or indentured labour, but was not found to be

For the final stage of the regression, we take as our sample all countries in which more than half of the population are non-indigenous, which we define as having ancestors who lived primarily outside of that country prior to 1500. Included in the sample are only countries which were colonized by outsiders in the period from 1500 to the present day, in this regard we depart from previous studies which have included both colonies and non-colonies in their empirical models. To do so is potentially a source of bias, as non-colonies may differ from colonies, not only in terms of fixed effects but also in terms of any number of interactive effects with other variables that are difficult to specify individually.

RESULTS

To what extent are patterns of migration predictive of institutional quality across settler colonies? Table 3.3 shows the coefficients for the equation to be estimated in the first stage of the 2SLS model (Equation 2). At the country level, population by Europeans, migrants from the Middle East, and from China are all significantly associated with lower willingness to tolerate bribery. When instrumenting for actual levels of bribery by settlement according to cultural grouping, we find that intolerance of bribery is significantly associated with lower levels of actual corruption, as estimated by the Worldwide Governance Indicators (Table 3.5), and also with government effectiveness and voice and accountability.

significant. Much of the Indian population in countries such as Mauritius or Trinidad was brought under conditions of indentured servitude; nonetheless, their descendants have succeeded both in raising their standard of living to a western level, and in establishing constitutional government. A dummy variable was also included for equatorial former sugar plantation economies; again, it is not significant, in part because countries such as Mauritius and Trinidad were and remain plantation sugar exporters, no less than countries such as Haiti.

First Stage Regressions, Political Norms Upon Population Descent and Controls

Table 3.3

	Independent Variable					
	<i>BRIBE</i>	<i>TAX</i>	<i>COUP</i>	<i>AUTH</i>	<i>ELITE</i>	<i>TRUST</i>
Protestant Europe, proportion descended	-0.94 (0.239)***	-0.672 (0.381)	0.432 (0.238)	0.651 (0.222)**	0.542 (0.214)*	0.368 (0.064)***
Catholic Europe, proportion descended	-0.69 (0.198)**	-0.345 (0.32)	0.322 (0.201)	0.438 (0.187)*	0.352 (0.18)	0.028 (0.053)
Indian, proportion descended	-0.209 (0.443)	-0.792 (0.726)	0.106 (0.433)	-0.342 (0.402)	-0.039 (0.387)	-0.014 (0.119)
Buddhist, proportion descended	-1.039 (0.474)*	-1.963 (0.741)*	0.358 (0.465)	0.443 (0.433)	0.63 (0.416)	0.277 (0.127)*
Islamic Middle East, proportion descended	-1.071 (0.195)***	-1.645 (0.326)***	-0.544 (0.202)**	0.268 (0.183)	-0.002 (0.175)	0.145 (0.052)**
Jewish (Europe and Middle East), proportion descended	0.215 (0.468)	14.686 (25.297)	14.839 (15.894)	-6.669 (14.82)	-3.06 (14.236)	-0.078 (0.126)
Ethnolinguistic and religious fractionalization	0.062 (0.303)	-0.261 (0.472)	-0.239 (0.304)	-0.085 (0.279)	0.48 (0.268)	-0.039 (0.081)
Not a former colony	0.401 (0.158)*	0.298 (0.257)	-0.053 (0.161)	-0.138 (0.149)	-0.08 (0.143)	0.016 (0.043)
Former Japanese colony	-0.014 (0.008)	-0.017 (0.012)	-0.002 (0.007)	-0.003 (0.007)	0.00 (0.007)	0.001 (0.002)
Former British colony	0.072 (0.311)	0.222 (0.477)	0.02 (0.303)	-0.109 (0.282)	0.11 (0.271)	-0.035 (0.084)
Former Spanish colony	0.171 (0.158)	-0.429 (0.247)	-0.35 (0.155)*	-0.269 (0.145)	-0.03 (0.139)	-0.051 (0.042)
Proportion indigenous	-0.03 (0.185)	-0.01 (0.332)	0.01 (0.194)	0.085 (0.181)	0.029 (0.174)	0.03 (0.05)
Constant	2.477 (0.316)***	3.143 (0.536)***	3.294 (0.32)***	2.599 (0.299)***	2.034 (0.287)***	1.785 (0.085)***
n	78	74	75	76	76	78
adj. r ²	0.31	0.28	0.29	0.12	0.2	0.48

Notes: World Values Survey, 1981-2007. *** significant at the 0.001 level; ** significant at the 0.01 level; * significant at the 0.05 level; † significant at the 0.1 level. *BRIBE* refers to permissibility of accepting a bribe in the course of one's duties; *TAX* refers to permissibility of cheating on taxes if you have a chance; *COUP* refers to preference for having the army rule; *AUTH* refers to preference for having a strong leader who does not have to bother with parliament or elections; *ELITE* refers to preference for having experts, not government, make decisions for the country; *TRUST* refers to belief that in general, most people can be trusted.

Initial estimates for the effects of settlement patterns upon political norms suggests that settlement from Eurasian civilizations is associated with lower tolerance of bribery and corruption. The coefficients also indicate that both European and Jewish settlement are associated with greater adherence to the separation between civilian and military

spheres, as evinced through the proportion of the sample asserting that it would be bad for the army to take over when the government is incompetent. At the country level Middle Eastern migration (with the exception of Israel) is inversely, though not quite significantly, associated with such a commitment.

Do Origins Predict Political Institutional Outcomes?

Table 3.4 shows the results of a series of regressions of societal political norms upon several dimensions of governance. Due to endogeneity between these variables, societal norms are instrumented using the variables for the proportion of the population descended from different religious groups that were estimated in Equation (1). In each case, only the sample of countries in which more than fifty per cent of the population are descended from newcomers to the country over the past five hundred years is used. The dependent variables are the worldwide governance indicators for the various aspects of state functioning, whereby *CORR* refers to the worldwide governance indicator for control of corruption, *VOICE* refers to the indicator for voice and accountability, and *LAW* refers to the worldwide governance indicator for the rule of law (Kaufmann et al. 2007).

Expressed preferences regarding norms of conduct, following instrumentation using population flows, do predict actual measured behavior. The coefficients indicate that a 0.4 point reduction in the average level of agreement, on a scale from 1-10, in the social toleration for 'accepting a bribe in the course of one's duties' is associated with a 1 standard deviation reduction in the level of corruption, equivalent from a move from about the level of the United States to that of Botswana, or from the level in Botswana to that of Brazil. A 1.1 point reduction in the average level of agreement, on a scale from 1-10, in the social toleration for 'cheating on taxes if you have a chance' is weakly ($p < 0.1$) associated with a 1 standard deviation reduction in the measure for rule of law, as

is a 9 per cent increase in the proportion claiming that ‘in general, people can be trusted’, equivalent to the distance between Taiwan and Fiji, or between Fiji and Venezuela.

How do these coefficients translate into actual effects of population settlement upon governance outcomes, via the norms which settlers bring to a given territory? One means of showing the effects of settlement upon governance is to calculate the proportion of inhabitants in a territory that must belong to a particular group, in order to deliver a 1-standard deviation improvement in control of corruption. Based on the coefficients in Tables 3.3 and 3.4, we calculate that this one standard-deviation improvement in control of corruption is attained for each 25.3 per cent of a country’s population descended from migrants of historical Jewish descent, for every 36.3 per cent that is descended from migrants of Chinese origin, for each 48.9 per cent descended from northern European societies, and upon having 75.5 per cent of the population of former Habsburg (effectively, Southern European or Catholic) origin. Meanwhile, each 38.3 per cent of a population that is descended from migrants from the Ottoman Empire (excluding those to Israel) is associated with a one standard deviation deterioration in the score for control of corruption. Jewish and Chinese immigration are therefore most strongly associated with improvements in the transparency, efficiency and accountability of government, while among Ottoman migrants this association is negative.

Some caution must be taken when interpreting these coefficients. First, because we do not know whether the effect is linear or subject to diminishing returns, we cannot rule out the possibility that the total effect of northern European settlement is equivalent to Jewish or Chinese settlement, only that as such colonies as Australia and New Zealand tend to be more homogeneously settled, with the consequence that the coefficients are slightly downwards biased. Second, because these coefficients are based on immigration trends since 1500, we cannot know whether the effects are constant over

time, and therefore should not make any inference regarding the effects of migration today. Indeed, due to the path dependency of political institutions, it is likely that the first generation of arrivals to a territory exert a disproportionately strong influence over the subsequent quality of its institutions. The institutions of a country such as the United States may have been largely shaped by its Puritan founders, such that today the same institutions are capable of absorbing waves of newcomers from around the world into these same rules, even while descendants of historically protestant societies have become a minority (32.8 per cent of the US population, according to estimates based on Putterman and Weil data)⁹.

⁹ In a similar vein, the effect of Jewish settlement may reflect the fact that the first generation of political leaders in Israel were disproportionately Ashkenazi migrants from northern Europe steeped in secular nationalist ideals, and the political institutions they founded were able to integrate new waves of Jewish migrants from around the Middle and the former Soviet Union. A similar argument can be also made regarding Singapore, whose initial political elite established political institutions that today are capable of integrating successive waves of South Asian Hindu and Muslim migrants in addition to a continued influx of migrants from mainland China.

Table 3.4 **Second Stage Regression, Effects of Population-instrumented Norms upon Measures of Governance**

	<i>CORR</i>	<i>VOICE</i>			<i>LAW</i>	
<i>BRIBE</i> [†]	-2.361 (0.673)**	-	-	-	-	-
<i>COUP</i> [†]	-	2.48 (0.558)***	-	-	-	-
<i>AUTH</i> [†]	-	-	2.331 (1.042)*	-	-	-
<i>ELITE</i> [†]	-	-	-	1.587 (1.022)	-	-
<i>TAX</i> [†]	-	-	-	-	-0.896 (0.523) [†]	-
<i>TRUST</i> [†]	-	-	-	-	-	10.677 (2.566)***
Former colony	12.121 (9.591)	-1.966 (8.05)	0.247 (0.995)	0.195 (1.033)	-0.277 (0.991)	0.356 (0.872)
Ethnolinguistic fractionalization	0.702 (1.005)	-0.03 (0.844)	1.01 (9.523)	-0.273 (9.86)	1.07 (0.93)	8.797 (8.289)
Former Japanese colony	0.245 (0.192)	-0.028 (0.161)	0.037 (0.191)	0.009 (0.197)	-	0.18 (0.166)
Former Spanish colony	-0.288 (0.36)	-0.456 (0.311)	-0.193 (0.358)	-0.34 (0.396)	-	0.069 (0.337)
Indigenous population	-0.334 (0.845)	0.474 (0.704)	0.34 (0.835)	0.581 (0.918)	-	-0.222 (0.73)
Constant	-7.455 (9.853)	-0.028 (0.161)	-7.531 (10.295)	-3.484 (10.332)	2.13 (1.566)	9.169 (9.679)
n	39	39	39	39	39	39
Adj. r ²	0.27	0.3	0.08	0	0.07	0.42

Notes: sample of 39 settler colonies only. British colonial rule dropped due to collinearity.

† instrumented using proportion descended from settlers of each religious-cultural background.

*** significant at the 0.001 level, ** significant at the 0.01 level, * significant at the 0.05 level; † significant at the 0.1 level.

States or Social Institutions?

We cannot know from the coefficients reported in tables 3.3 and 3.4 whether the observed effects are a long-run result of attributes of settler populations, such as

endowments of human capital or behavioural norms, or a result of exogenous factors not related to the specified variables. One means of probing further as to the association between settler attributes and institutions is to conduct a regression on the individual-level World Values Survey data to test the impact of adherence to a religious denomination on political norms, controlling for individual country fixed effects. Because country fixed effects are included, we are automatically controlling for all country fixed attributes such as the national income per capita, years of democracy, and other attributes of a nation's political psychology that might otherwise be difficult to quantify. After incorporating these fixed effects, the coefficients therefore represent the values of different religious adherents, relative to their national averages. Table 3.5 shows the results of a linear model on a pooled sample of the 337,839 individual respondents to the World Values Surveys since they were initiated in 1981. After dropping cases with missing data, 187,318 respondents remain in the sample. Controls are also included for individual respondent attributes such as gender and age.

Table 3.5 Adherence to Political Norms, by Denomination

	<i>BRIBE</i>	<i>TAX</i>	<i>COUP</i>	<i>AUTH</i>	<i>ELITE</i>	<i>TRUST</i>
Protestant	-0.033 (0.019) [†]	0.004 (0.025)	-0.022 (0.011)*	-0.02 (0.013)	0.004 (0.012)	0.034 (0.005)***
Jewish	0.175 (0.068)*	0.272 (0.089)**	-0.019 (0.041)	-0.119 (0.048)*	-0.042 (0.047)	0.079 (0.018)***
Muslim	0.053 (0.025)*	0.068 (0.034)*	0.092 (0.013)***	0.04 (0.016)*	0.086 (0.015)***	0.021 (0.007)**
Catholic	0.066 (0.019)***	0.156 (0.025)***	0.000 (0.01)	0.005 (0.012)	0.039 (0.012)**	0.017 (0.005)**
Hindu	-0.024 (0.041)	0.058 (0.054)	0.086 (0.022)***	0.106 (0.027)***	0.159 (0.026)***	0.015 (0.011)
Buddhist	0.187 (0.039)***	0.112 (0.052)*	0.066 (0.021)**	0.107 (0.025)***	0.115 (0.024)***	-0.006 (0.01)
Gender	-0.122 (0.008)***	-0.269 (0.01)***	0.033 (0.004)***	-0.008 (0.005)	0.008 (0.005)	-0.012 (0.002)***
Age	0.002 (0.001)**	0.008 (0.001)***	-0.009 (0)***	-0.011 (0)***	-0.002 (0)***	0.004 (0)***
Constant	2.496 (0.064)***	2.119 (0.085)***	-3.396 (0.032)***	-2.994 (0.038)***	-1.986 (0.038)***	-1.817 (0.017)***
N	187,318	182,851	122,755	123,039	120,155	186,190
Adj. r ²	0.09	0.08	0.253	0.165	0.11	0.11

Notes: World Values Survey, 1981-2007. *** significant at the 0.001 level; ** significant at the 0.01 level; * significant at the 0.05 level; † significant at the 0.1 level.

All regressions include individual country fixed effects (not shown).

BRIBE refers to permissibility of accepting a bribe in the course of one's duties; *TAX* refers to permissibility of cheating on taxes if you have a chance; *COUP* refers to preference for having the army rule, rather than the elected government; *AUTH* refers to preference for having a strong leader who does not have to bother with parliament or elections; *ELITE* refers to preference for having experts, not government, make decisions according to what they think is best for the country; *TRUST* refers to belief that in general, most people can be trusted.

Among the religious denominations, Protestants again are found to be associated with a reduced tolerance for bribery. Catholics, Buddhists and Muslims, by contrast, are significantly associated with a more forgiving stance to graft. As regards preferences regarding corruption, measured by the strength of the coefficients, a stronger 'civilizational divide' occurs within Europe, between Catholics and Protestants, than between Europe and other regions of the world. The result for Protestantism is

consistent with the country average, in that both Protestant countries and Protestant individuals (after controlling for this country fixed effect) are less likely to tolerate corrupt actions. However, both Muslim and Buddhist countries show inconsistent effects, in that both are less likely to favour corruption at the country level, though more likely among individual adherents.

As regards the separation of civilian and military spheres, again Protestants emerge as the only group significantly more likely to disfavour military involvement in politics. Catholics show no significant effect, while Hindus, Buddhists and in particular Muslims are more likely to approve of military rule. The effect among Muslim respondents is especially strong, with a coefficient twice that for Hindus or Buddhists (Fish 2002). The individual level responses by religious group almost perfectly replicate the country-level effects, with Protestants, Catholics, and then Hindus least likely to support military involvement in the political domain, and Muslims most likely to be in favour. Both Protestant and Jewish respondents are also the only denominations who are not significantly more likely to favour authoritarian rule (a 'strong leader who does not have to bother with parliament or elections') or government by elites (letting 'experts, rather than the government, make decisions'), and again, both Protestants and Jews are significantly more likely to express social trust than any other group, though a greater degree of general social trust is to a lesser extent an attribute of all of the Judeo-Christian religions, including Catholicism and Islam. The association between social trust and non-hierarchical religion is consistent with previous studies investigating this relationship, and suggests a durable institutional legacy of having a decentralized religious structure (Delhey and Newton 2005, La Porta et al. 1996, Greif 1994).

4. Historical Legacies

This section moves away from the large econometric tests undertaken in section 3. Instead, it examines the settlement and institution-building process as it has occurred historically in two cases, the Republic of Trinidad and Tobago from the mid-nineteenth century to the era of independence, and the island of Taiwan from the seventeenth century to the end of mainland Chinese rule in 1895. These two cases are examined mainly to determine the mechanism by which group settlement leads to institution formation, and how these institutions leave a durable legacy to the present day.

The choice of these two countries is made for four reasons. First, while the statistics may show that certain population flows and institutional features are significantly correlated, it is only by tracing a historical process that we can demonstrate that this association is causal and not merely spurious. Adding historical context, therefore, adds external validity to the results. Second, while there have been many studies of colonial settlement by Europeans in the Americas, Australasia, and the Southern cone of Africa, the settlement of Indians and Chinese has been largely absent from political science. If we are therefore to make generalisable observations about settlement processes and institution formation, these ought to be applicable to groups other than the populations of the European colonial powers. Third, both the Republic of Trinidad and Tobago and the island of Taiwan are 'pure' settlement colonies, in that the indigenous populations of both territories were largely eliminated or marginalized by the arrival of new groups. We therefore do not have to consider whether the institutional features of the new societies were the result of the interaction between colonists and indigenous peoples, as has been the case in many parts of Latin America, as well as some non-European settler states such as Fiji or Madagascar. Finally, both Taiwan and Trinidad illustrate cases of non-European settler colonies that have attained a degree of both economic

development, with per capita incomes of \$29,829 and \$20,437 respectively, and a record of democratic consolidation. If we are to understand why a number of non-European settler colonies appear to prosper, we ought to be able to draw important lessons from these cases.

Democratic Governance in Indian Settler States

Indian settlement, as is characteristic of Mauritius, Fiji, or Trinidad, is associated with a higher likelihood of democratic institutions. The coefficients reported in section 2, imply that a territory populated 65 per cent by Indians has a one-half standard deviation improvement on the measure for voice and accountability, equivalent to the distance between Papua New Guinea and Trinidad and Tobago, or between Tonga and Fiji. The maintenance of democratic norms in Indian-settled states is perhaps puzzling given that in many cases the Indian minority is an economic elite facing redistributive pressures from African and indigenous parties, where the legacy of a plantation economy should exacerbate distributive conflicts. Given the tendency for elites such as the creoles of Central America, Americans of Liberia or the white minority in South Africa to seek to retain power via extra-constitutional means, we might expect Indo-Trinidadians or Indo-Guyanans to likewise have supported non-democratic institutions as a means of preventing Afro-Caribbean parties, such as the People's National Movement and the People's National Congress, from dominating post-independence politics. Yet to the extent that democratic norms have been violated in Indian settler colonies, it has not been by Indian economic elites, but rather by their Afro-Caribbean and indigenous political opponents¹⁰.

¹⁰ Of this there are several examples. During the 1980 Guyana elections polling booths were manned by the military and police, and widespread vote fraud allowed the People's National Congress to retain power. Meanwhile, a recent clear example of a coup d'état in an Indian settled colony occurred in Fiji in 2006, where the indigenous minority spearheaded a takeover in an effort to curtail Indo-Fijian influence.

How might the steady influx of East Indians have reshaped the social, ethnic and political dynamics of their new homelands, so as to ameliorate the prospects for democratic stability and economic development? With reference to the case of Trinidad and Tobago, I show that Indian migration had two key effects. Firstly Indian immigration restructured the Caribbean sugar plantation economy along more egalitarian lines, as European 'factory' plantations were replaced by a dense network of small, independently-owned Indian sugar croppers, which both reduced the salience of distributional conflicts, and gave rise to a 'middle strata' keen to limit both the scope of the state and the latitude of its political class. Secondly, Indian immigration contributed to the health of competitive, multiparty politics by importing India's religious and caste cleavages, with the result that electoral politics has turned around the competition to form (and reform) electoral coalitions from diverse blocs of diffuse interests. This in turn has ensured an intrinsic pluralism rather than the emergence of a unitary 'popular sector', generating a credible and constant threat that a politician's electoral coalition will dissipate and reform around another candidate if they abuse their powers of office.

Indian Settlement in the Republic of Trinidad and Tobago

Trinidad and Tobago are two small islands off the northeastern coast of Latin America, with a per capita income of \$20,437 and a steady record of democratic consolidation since independence in 1962. According to the 2000 census, Indians were the largest ethnic group in the country, at approximately 40 per cent of a total population of 1,337,684. Afro-Trinidadians, the descendents of slaves brought to work in the sugar plantations, are the second-largest group, at 37.5 per cent, while the remaining 22.5 per cent are mainly mixed Indo-African, with a small contingent of Europeans (1.8%), Chinese (1.5%) and those of Arab descent (0.2%)¹¹.

The transformation of the agricultural sector occurred as a direct result of Indian settlement, very shortly after the first Indians began to arrive on the island in the mid-

¹¹ Trinidad and Tobago Central Statistical Office, 2000.

nineteenth century. Under the indenture system, the British colonial authorities agreed to pay round-trip transportation to the sugar plantations of the Caribbean, with the labourer contracted to a fixed term of labour, typically, of around three to five years. The first indenture contracts in the British Caribbean were taken up in the 1830s by the Portuguese of Madeira, but from the 1840s onwards, shifted increasingly to Indians brought from the ports of Calcutta and Madras, such that by the end of the indenture system in 1917, a total of 430,000 migrants had been brought from India to the West Indies¹².

There is no a priori reason why the entry of a new group should have changed the institutional balance; indeed, the Indians were brought to Trinidad precisely in order to maintain the plantation system, up to that point threatened by a rise in the price of labour following the abolition of slavery¹³. However, notwithstanding wage contracts and substantial coercion to prevent desertion, planters faced increasing problems with Indians leaving their estates illegally, in order to set up as subsistence farmers. Immigration Officer Dr. Mitchell noted with frustration how while former slaves remained on the plantation, 'the Asiatic', unless controlled, 'invariably leaves the estates upon which he has been located by the Government and seeks another domicile of his own choosing'¹⁴. Indentureship had been envisioned as a simple rotation, whereby Indian workers would tend their patron's estate for the allotted five year period, receive their wages, and then return home to India. Yet with massive numbers of Indian labourers fleeing the plantations to set up as independent farmers, very soon entire 'villages' were sprouting up around the colonial estates, growing rice, cocoa, and sugar cane.

¹² The number of East Indians brought under indenture is followed by that of the Madeira Portuguese (41,000), West Africans (39,000), Chinese (18,000), Europeans (5,000) and North Americans (2,000).

¹³ A large number of French settled under Spanish rule as many had been expelled from Haiti in 1791, and the Spanish crown favoured Catholic immigration.

¹⁴ CLEC, Eleventh General Report, 1851.

This 'squatter' dilemma became a growing challenge for Trinidad's colonial authorities, and European planters issued growing complaints at their loss of manpower. Initial moves by the colonial authorities sought to put an end to 'squatting', which was ruled an illegal encroachment of Crown Lands, until in 1847 Governor Harris offered a compromise solution. Indian farmers, if they did not wish to be forcibly removed, could instead trade a parcel of land in return for forfeiting their return journey, then purchase additional 'village lots' for the sum of £5 an acre, and larger plots, for £1 an acre¹⁵.

As a result of this massive privatization of Crown Lands, very quickly the number of East Indian farmholdings grew, as the Indians established independent sugar cane and cocoa farming outside of the plantations on smaller plots. The Indian village movement accelerated over the course of the late nineteenth century, as from 1871 to 1891 the proportion of Indians residing on the estates fell from 68 to 44 per cent, until by 1900, just under a fifth (19.9 per cent) of Indians remained within the European plantation system¹⁶. Demand for Crown Lands among the Indians leaving the estates was so strong that the Governor repeatedly raised the price (a move lobbied for by plantation owners concerned at loss of their workforce), from £1 to £1.10/- an acre in 1900, to £2 in 1903, and to £2.10/- in 1905, though the Indian community successfully petitioned against a proposed rise to £4¹⁷. By 1906, the number of East Indian farmers had exceeded the number of West Indians, and by 1917 Indians owned more than 97,962 out of a total of 480,039 acres of land 'alienated' and cultivated in Trinidad, an astonishing inroad into the erstwhile dominance of European planters¹⁸. Rather than run sugar plantations for export, however, Indian farmers diversified smallholder sugar cane production with cocoa production, a crop more ideally suited to peasant cultivation, which from 1911 became the colony's main source of export income¹⁹.

¹⁵ Moore, 1995, *Origins and Development of Racial Ideology in Trinidad*.

¹⁶ Cited by Laurence in La Guerre, p. 112.

¹⁷ Cited in Ramesar p.73.

¹⁸ Cited in Ramesar p.73.

¹⁹ Ryan, p. 18.

Why were the Indians of Trinidad able to keep up with the deliberately high and rising price for land set by the colonial authorities, despite their meager wages? Here evidence would appear to suggest that an exceptionally high savings rate: as Governor Jerningham noted, the Indian worker's 'thrifty habits enable him to save. With that saving he can purchase land and does'²⁰. In addition to such anecdotal evidence, which is extensive²¹, we can draw upon two further sources: declarations of wealth by the Indian labourers who returned to India at the end of their indentureship, and records of savings deposits at the Trinidad Government Savings Bank. On the first of these, when the first three hundred East Indians left the island in 1853, they are registered as having taken with them average savings of 3d a day, which on the basis of their meagre 6d a day salary implies a savings rate above 50 per cent²². Meanwhile, data from the Government Savings Bank shows that from 1897-1917 Indian depositors formed 42 per cent of the total depositors, and possessed 33 per cent of the total amount credited to depositors. These figures are exceptional given that Indian salaries were among the lowest on the island²³.

With the growth of Indian villages, the economic institutions of Trinidad's colonial sugar economy were shifted from a *latifundia* system of large plantations, to a vast network of smaller, independent freeholders. Thus by the time of Trinidad's independence, without the need of land reform, already 43 per cent of private land was held by small farmers

²⁰ Governor Jerningham, 'Trinidad and its Possibilities'.

²¹ Several examples can be cited. Dr. Mitchell, the immigration officer mentioned previously, wrote of the 'calculating habits of the coolie, and his love of money' and how 'the Indian immigrant... under any circumstances, is inclined to hoard his money, even at the risk of denying himself sufficient food' (quoted in Moore: 155); meanwhile, Collens jokes how 'coolies have three Gods, L.S. and D. [i.e. pounds, shillings and pence] which they worship in a variety of forms' (in Moore: 174) and that 'Many have been astonished, and a few utterly incredulous, at the accounts published of the vast sums frequently brought back by returning Coolies to their native land. Many have grown rich in Trinidad; certainly not as a result of their field-labour, but their careful attention to business, and speculation in rice etc. Of the 5,500 who have returned to India up to now, their savings amounted to the enormous sum of nearly £140,000 in sterling, besides gold and silver ornaments, estimated at £45,000 or more. Any one who has seen the extraordinary quantity of jewelry worn by many of the Coolie women will not be disposed to question the latter estimate' (Ibid).

²² Cited in Moore p.149.

²³ Source of deposit estimates: Annual Reports of the Supervisor of the Government Savings Bank of Trinidad and Tobago.

(defined as plots under fifty acres), while the sugar estates held just 16 per cent²⁴. In so doing, Indian settlements disproved that a sugar economy, with its large estates and large capital overheads, inherently predisposes a society to an inegalitarian division between landowners and labourers. The significance of this shift for social relations in Trinidad and Tobago was not lost on the country's first post-independence Prime Minister, Eric Williams, who remarked how 'the Indian indentured immigrant was able to raise in Trinidad one of the fundamental questions posed by the West Indian sugar industry – that is, whether sugar cultivation required the combination of ownership of land and factory in the same hands'. As he continued, in contrast to 'the Spanish areas, Cuba and Puerto Rico, where much of the difficulty attendant on the development of the sugar industry in the 20th century has revolved around the invasion of large-scale American capital not only producing the sugar in gigantic factories, but also expropriating the native Cuban and Puerto Rican peasantry... The Indian cane farmer in Trinidad, cultivating cane on a small plot of land which he had been allowed to buy in exchange for a return passage to India, represented a challenge in Trinidad to the traditional method of production in the British sugar colonies in the West Indies'²⁵.

The Indian Community and Post-Independence Governance and Economic Policy

Contemporary studies of democracy have drawn a connection between the existence of a large community of agrarian freeholders, and a preference for economic policies and institutions that favour the protection of private property rights (Acemoglu, Johnson and Robinson 2002, Boix 2003). In Trinidad, the Indian community proved a markedly moderating political force, both in economic policy and in determining the institutional form of Trinidad's post-independence democracy. Rather than form a united front with the predominantly Afro-Trinidadian People's National Movement (PNM), in the run-up

²⁴ These figures cited in *The Nation*, Sept. 14, 1966.

²⁵ Williams, *History of the People of Trinidad and Tobago*, p. 121.

to independence the 'Indian' People's Democratic Party (DLP) formed a coalition with the rump of the white and creole classes, and jointly campaigned on a platform of 'opposition to socialism [and] faith in free enterprise and foreign investment'²⁶. In response, Afro-Trinidadian candidate and leader of the PNM, Eric Williams, shifted his policy rhetoric toward the center ground in order to co-opt members of the Indian communities into his bloc. Whereas in 1942 Williams had decried the 'small-scale production of subsistence farming' as 'reactionary'²⁷, competing for votes fourteen years later his rural policy was described as trying to transform black and Indian wage-earners into petty-bourgeois farmers who would plant food crops²⁸. Where Williams' precursors in the West Indian National Party (WINP) had called for the 'redistribution of the land, so that the landless may, by means of planned land settlement schemes, acquire holdings'²⁹, Williams by contrast assured Indian voters that 'we are not going to nationalize and take people's lands to have it owned by the state and then have people work for the state', but rather that 'the state is giving away land instead of taking it away as in communist countries'³⁰. Finally, whereas the WINP had demanded the nationalization of public utilities, the media, the asphalt and the oil industries³¹, such elements were entirely dropped from Williams' platform, which instead focused on sustaining economic growth and foreign investment.

Such moves were not accidental, but consciously targeted at bringing over the more socially mobile members of the Indian community. As Trinidadian historian (and PNM advisor) Selwyn Ryan notes,

'If one were seriously interested in mobilizing not only have-not Negroes, but Indians, Chinese, and Europeans as well, one really could not make an appeal on the basis of class. The only people in the West

²⁶ Quoted in MacDonald, 1986, *Trinidad and Tobago: Democracy and Development in the Caribbean*.

²⁷ Williams, *The Negro in the Caribbean*, p. 45.

²⁸ Ryan: 115.

²⁹ Programme and Constitution of the WINP, cited in Ryan p. 72.

³⁰ Williams in *The Nation*, Jan 14., 1966.

³¹ This is from the manifesto of the United Front, of which the WINP was the main component.

Indies who responded positively to the socialist creed were lower-class Negroes and a sprinkling of intellectuals. The Indian masses, still largely a rural people with a passionate desire to acquire land and to succeed in the retail trades, would surely have been alienated by an economic strategy which, so they feared, would have taken from them everything for which they were struggling.' (Ryan: 117)

The influence of the Indian community in Trinidad was not merely confined to economic policy, but also extended to the design of Trinidad's political institutions. Afraid that democratic politics within a West Indian Confederation might lead to uncontrolled immigration from around the Caribbean and the expropriation of Indian land, the Indian communities were hesitant about democratization: as one contemporary journalist reported 'the mass of East Indians in the colony are definitely opposed to adult suffrage for another fifty years because an election by adult suffrage would endanger the aims and aspirations of the Indian masses'³². Such aims and aspirations included property acquisition and secure property rights, for the East Indian community feared the redistributive politics of the Trinidadian nationalist movement. Nonetheless, given the winds of change blowing through Britain's colonies, Indo-Trinidadians ensured that democratic government, when it arrived, would also be limited. Kumar, the sole Indian member of the 1946 Constitutional Reform Committee, made clear that his community would oppose a majoritarian system. 'I do not think we should invite the possibilities', he reported, 'of a political party which might gain a slight majority at an election, controlling the whole colony and entirely overriding the interests of the other portion that might find itself with a small minority... We have to make provision to see that Government is not controlled by a dictator and his party'³³. On receiving all submissions, the committee recommended a series of limitations on the power of the executive. Conscious of the need to reassure wavering Indian voters of his good intentions, Eric Williams also presented himself as an advocate of limited government. Rather than

³² Blanshard, *Democracy and Empire in the Caribbean: A Contemporary Review*, New York 1947, p. 227.

³³ Hansard, Dec. 6, 1946, p. 178.

chafe at restrictions on office, instead he embraced limited government, publishing an electoral pamphlet which declared his faith that:

'Checks and balances [are] necessary in a democratic society. Such checks and balances are doubly necessary when, as is always possible, one party might sweep the polls and find itself without effective opposition in the elected house, as has happened with Bradshaw in St. Kitts, Bird in Antigua, Gairy in Grenada, Nkrumah in the Gold Coast and Muñoz Marin in Puerto Rico. To make assurance doubly sure, the delaying power of twelve months enjoyed by the House of Lords in Britain should be extended to twenty-four months in Trinidad as the system is new and as we have only a limited experience of democratic process'³⁴.

While Williams may genuinely have believed in limited government, it seems more likely that he sought to reassure the Indian minority of his good faith. As he concluded in his 1955 declaration, the true aim of such measures was 'to provide common ground for the widest possible measure of co-operation between all classes, races, colours and religions'³⁵. After gaining power, however, he followed through on his commitment, and in 1961 such an upper house became a feature of Trinidad's political system, a non-elected Senate whose members were up until 1976 appointed by the British-appointed Governor-General, and thereafter, by the President of the Republic (in turn appointed by an Electoral College). By default, the majority party in the lower house is never allowed more than a one-person majority in the Senate, while 6 senators are appointed on the recommendation of the opposition, and 9 by the President as representatives of civil society.

Social Fractionalization and Democratic Competition

³⁴ Williams, Constitutional Reform in Trinidad and Tobago, Public Affairs Pamphlet no. 2, Port of Spain, 1955, p. 35.

³⁵ Ibid p. 36.

As well as reforming Trinidad's economic institutions so that they were more akin to those of rural India, the Indian migrants also brought with them the social divisions characteristic of the subcontinent, with divisions between Hindus and Muslims, different language speakers, and different caste groups. The consequence of this inherent social fractionalization was such as to prevent the formation of majority 'blocs' along economic or racial lines, and instead push democratic politics down the road of negotiation and coalition formation, much as it has done in India herself.

Such dynamics have been in place since the first elections to take place in Trinidad with universal suffrage in 1956. During that election, the predominantly Afro-Trinidadian PNM sought to reassure Indian voters, by appointing Indian candidates to key seats, and then specifically targeted Indian Muslims and Christians - comparing the PNM to the Indian National Congress and their opponents to the Hindu *Maha Sabha* that had been responsible for the assassination of Gandhi. Eric Williams, the PNM candidate and eventual prime minister, thus directly pitched for the support of 'Indians who are Moslems and Christians as well as Hindu, Indians who are democrats and not racialists'³⁶, while excoriating his Hindu opponents as a betrayal of the ideals of the Indian independence movement. Finally, efforts were made to persuade lower-caste Indians to come over to the PNM coalition. One (Indian) PNM candidate, for example, wrote of a 'secret to reveal to my Indian brothers and sisters' in that 'if you examine the religious sect of every Indian in the PDP, you will observe that only Brahmins and other privileged Hindus have been nominated [while] any Indian who belonged to the lower class was neglected'³⁷. Such appeals were by and large successful, as in the 1956 election these groups largely chose to support the multi-ethnic PNM rather than their Indian counterparts in the Hindu-dominated PDP.

³⁶ Reported in the *Trinidad Guardian*, Aug 2, 1956.

³⁷ from the *Trinidad Chronicle*, Aug 31, 1956.

In response, the Hindu bloc has had to play the same game of coalition formation and ethnic cross-dressing³⁸. Shortly after the victory of Williams' PNM in the 1956 elections, realizing that victory would forever escape its grasp were it to be boxed into the Hindu community alone, the PDP began reorganizing so as to attract a broader coalition of voters. The PDP merged with the white, creole and Catholic movements to form the Democratic Labour Party (DLP), which in addition to its '25 per cent' Hindu bloc gave it the support of the business community, Catholics, and the Europeans of Trinidad, and these supporters enabled it to contest and win the federal elections of 1958³⁹. The dominant Indian party in its various incarnations (as the PDP, DLP, ULF, NAR and finally the UNC) thus began to develop more programmatic appeal, reinventing itself as a more mainstream 'conservative' party in defence of economic liberties, the right to religious schooling, a clampdown on crime, and a socially conservative stance on subjects such as abortion and divorce⁴⁰. These positions have enabled it at various times to attract sufficient support from Indian Muslims, Catholics, and the business community to carry national legislative elections, notably in 1996 and 2001, under the leadership of Basdeo Panday.

As a consequence of the Indian community's religious and caste fractionalisation, the party system that emerged in Trinidad following independence bore intriguing resemblance to that of post-independence India herself. Though its support base lay among Afro-Trinidadians, the PNM can be compared (and indeed, has explicitly compared itself) to the Indian Congress Party, a center-left, nationalist, secular party which formed a hegemonic bloc in the decades following independence by securing the

³⁸ In an attempt to woo Afro-Caribbeans to its favour, in the 1956 elections, for example, the Hindu-dominated DLP put forward 7 non-Indian candidates among the 10 it presented (four of the Afro-nationalist PNM's were non-black), while during the premiership of Basdeo Panday from 1995-2001, the first by an Indo-Trinidadian, substantial public sums were spent hosting receptions for symbols of international black empowerment - ranging from Colin Powell to Nelson Mandela - at which Panday himself, inevitably, was keen to be seen photographed at their side (from *Politics in a Half-Formed Society*).

³⁹ The federal elections were to the parliament of the West Indies, in which Trinidad was briefly part of a political union, and not to the parliament of Trinidad and Tobago.

⁴⁰ By adopting conservative policies in areas such as religious schooling and birth control, for example, the Archbishop of the Catholic Church gave an edict in the 1950s subtly prohibiting Catholics from supporting the PNM, thereby indirectly supporting the Hindu opposition (cited in Ryan p.152).

votes of Muslim, Christian, and lower-caste Indians. Meanwhile, its opponent, the PDP (today, the UNC) found itself - like India's Bharatiya Jana Sangh (BJS, today BJP) – boxed in as a 'Hindu' party, reflecting the social and economic interests of the Indian Hindu middle class and in particular its upper-caste groups, from which position it had to develop a more generic conservative ideology. Consequently, though Trinidad's party system is sometimes mistakenly caricatured as a form of ethnic gridlock - in which an 'Afro-Caribbean' party (the PNM) face an Indo-Caribbean opposition - such a description falsely describes the dynamics of electoral competition. Even assuming perfect voter loyalty and division along ethnic lines, neither the Afro-Trinidadian portion of society, with around 38 per cent of total population, or the Indian Hindu population, at around 25 per cent, has possessed a majority sufficient to ensure electoral victory. Instead, each party has only ever secured office by attracting the votes of a large middle-ground of 'floating' voters, which in turn consists largely of the Indian Muslims, Indian Christians, and Indian lower-castes. Electoral campaigns in the Republic of Trinidad and Tobago have largely centred around bringing some combination of these groups into one's electoral column.

The Mystery of Institutional Transference, or: Why was the Indian Village Movement Successful while the African Movement Failed?

It has been noted that one of the key factors in explaining the breakdown of the plantation economy in Trinidad was the settlement drive of the incoming Indian population. Yet a puzzle remains here, for why East Indians should have been more readily disposed to seek out a life as an independent farmer than the descendents of freed slaves, or for that matter, the small number of European indentured servants on the island? A simple explanation might emphasize the fact that East Indians had recently come from a village economy and had the human capital to reconstitute the same economic structure elsewhere, whereas the descendents of African slaves, perhaps, did

not. Perhaps there is some truth here: yet evidence from British Guyana, just across the ocean from Trinidad, suggests that it is not sufficient to explain the comparative success of Indian migrants in establishing a society of smallholder farmers. In the colonial plantations of British Guyana, Africans initially sought to establish themselves as freeholder agriculturalists, rather than being forced to survive at the mercy of the European planter, and by all accounts managed to do so for a time. By late 1842, just eight years after emancipation, nearly 16,000 Africans had settled in newly formed villages outside of the plantations, while by 1848, another six years later, this had risen to 44,038, or just over half the former slave population of British Guyana⁴¹. Such was the rush of enthusiasm to flee the colonial estate following emancipation that by the time of the second major land purchase, when 61 labourers decided to buy an abandoned estate on the East Coast of Demerara, land prices there had already doubled. An early visitor to the colony following emancipation, Milliroux, reported how 'freedom did in three years what slavery had not been able to accomplish in three centuries; it laid in many parts of this colony the foundation of a large number of villages wholly independent of the plantations'⁴². Governor Light reported his satisfaction on the quality of life in the free African settlements, noting that 'the miserable thatched hut is rarely seen; neat, well-built houses with some attention to ornament, behind which or surrounding them are the well-cultivated gardens of the owners, have risen up in quick and close succession'⁴³.

What happened to the African village movement, and why were the villages no longer to be found a century later? In the answer to this question lies the secret, to understanding why Indian migration was able to shift the economic structure of Trinidad to a new equilibrium. By the late nineteenth century, things were falling apart; the African villages were depopulating. Former slaves were returning to the plantations, and black 'task gangs' had begun touring the lands of their former masters, in search of

⁴¹ Daly: 203-5.

⁴² Daly: 204.

⁴³ Quoted in Young, *The Approaches to Local Self-Government in British Guiana*, 1968, p. 17.

work⁴⁴. A committee on the condition of the villages now found them to be 'generally in a most unsatisfactory state, and in some instances in a deplorable condition: the houses in the latter case in ruin and disrepair, the lands attached to them undrained, uncultivated, and neglected; the means of internal communication most defective, and the most utter disregard for all sanitary considerations'⁴⁵. What had gone wrong? Certainly, there was no lack of initiative or enterprise on the part of freed African slaves, for many sources note the enthusiasm with which they set upon founding and running independent settlements. Nor can it be due, as the colonial planters were to believe, to an lack of African thrift or hard work, for large quantities of each were required to apportion the savings needed to make the initial purchase of colonial lands.

Instead, to understand why the African village movement failed and the Indian movement succeeded, it suffices to contrast the informal institutions that their respective communities brought to their new homes. The common challenge that both Indian and African communities faced upon establishing their villages was a high requirement for investment in and maintenance of public goods: sugar production required 'a continuing investment in capital equipment, and works including irrigation, drainage, and sea-defence'⁴⁶, and getting goods to export required investment in the construction and upkeep of roads, to connect the villages to towns and ports. Such investments - in particular in drainage - were critical as 'unless the whole main drainage system of a village was maintained no individual villager could hope to prosper', yet 'drainage required much capital and a high degree of skill and cooperation'⁴⁷.

On the colonial estate, this collective action dilemma was dissolved into the commands of a single planner, with private and public interest monopolized in the European planter: he alone identified, provisioned for, and commissioned the necessary works. In the new village settlements, however, a multitude of farmers would have to coordinate

⁴⁴ Daly, *History of the Guyanese People*.

⁴⁵ quoted in Sir Cecil Clementi, *A Constitutional History of British Guiana*, London 1935, p. 285.

⁴⁶ Daly: 206.

⁴⁷ *Ibid.*

their resources and objectives, imposing organizational challenges for the new colonists. Conscious of this need, upon foundation the African villagers followed the convention of their former European masters, by setting down detailed written contracts of incorporation. For example the first African-run estate, Victoria (named after Queen Victoria, whom the settlers mistakenly believed had abolished slavery⁴⁸) specified a number of rules of conduct, including a monthly subscription of one guilder 'to defray the expenses of repairing bridges, making roads, repairing kokers, digging drains and trenches, and so on'⁴⁹.

Despite the greater sophistication of the Africans' contract and its approximation to modern European form, without an enforcement mechanism, compliance proved elusive. In 1845 the Queenstown village reported that its residents had failed to pay the tax to maintain their road. Scores of further instances arose thereafter, often relating to drainage. Lacking the means to compel their fellow colonists to comply with the regulations, African villagers then petitioned the colonial authorities to allow them to make their contracts enforceable via the British legal system, though villagers did not wish to allow colonial governors any influence in their internal affairs in exchange for official incorporation. When a new Governor, Hincks, arrived in 1862, he attempted to resolve the drainage problems of the villages by centrally imposing a rate that was to be used to pay for works, managed by local councils, yet many refused to pay. Finally, in 1882 another Governor, Irving, did away with his predecessor's ordinance, abolished the village councils, and spent \$400,000 of colonial funds on public works for the villages. As Afro-Guyanese historian Vere Daly regretfully concludes, 'the lesson of the decades after 1840 was that the struggle by the Negro villagers to establish themselves as independent peasant proprietors could not be won without large-scale government

⁴⁸ The edict abolishing slavery dates from 1834, and was signed by Queen Victoria's predecessor, William IV.

⁴⁹ Daly, p. 208.

assistance, [while] the lesson of 1883 was that a governor acting dictatorially could achieve more than Africans sitting in a democratic council'⁵⁰.

The Indian villages, by contrast, relied entirely on informal norms of cooperation and second-party enforcement, replicating the social roles and hierarchies of the Indian communities from which they came; caste roles, the extended family. There are no records of petitions by Indian communities for the colonial state to enforce compliance on their behalf, as instead the Indian villages were a fully enclosed realm, in which disputes and disagreements, as they rose, could be settled within the mechanism of the village elders, Brahman, extended family or *Panchayat*. 'Indian society', wrote Barrington Moore, 'is like the starfish whom fishermen used to shred angrily into bits, after which each fragment would grow into a new starfish' (Moore 1966: 458), and so it proved in Trinidad, 9,000 miles from the subcontinent. As Indo-Trinidadian novelist V.S. Naipaul describes the community of his birthplace:

'Living by themselves in villages, the Indians were able to have a complete community life. It was a world eaten up with jealousies and family feuds and village feuds; but it was a world of its own, a community within the colonial society, without responsibility, with authority doubly and trebly removed. Loyalties were narrow: to the family, the village. (*Middle Passage*, London 1962, pp. 81-2)

The ability of the Indian communities in Trinidad to entirely reconstruct the social order of their native land was the initial study by anthropologist Morton Klass (1961), who discovered that the settlers had largely reconstructed the caste system of their native land in their new surroundings: the 'Brahmans' of Trinidad, for example, often had little religious learning, but fulfilled the functional roles, such as performing life-cycle rituals or adjudicating disputes, that their community demanded (Klass 1961). Though this was a world without contracts, it was a nevertheless a world with subtle mechanisms of

⁵⁰ From Daly, p. 218.

enforcement and of sanction, in the form of social approbation, repeat exchange within the extended family network, and the prospect of failing one's spiritual duty.

The relative success of the Indian village movement would appear to lie in the fact that, though the Indians of the Caribbean hailed from diverse parts of the Indian subcontinent and spoke different tongues, they remained inheritors of a shared Hindu culture in which caste roles were clearly defined, village hierarchies were acknowledged and respected, and a religious tradition, internally diverse as it may have been, provided some common spiritual framework to members of the village. By contrast, the African arrivals not only spoke diverse languages, but had differing clan loyalties, differing spiritual beliefs, and had no common social hierarchy; these 'problems' had to be worked out over a number of generations, and were only resolved by the adoption of English as a common language, and Christianity as a shared religion. But by that point it was too late for the African village movement, as freed slaves had either returned to work in task-gangs on the colonial estates, or fled to the towns in search of manual labour.

Bureaucratic Norms in Chinese Settler Colonies

The coefficients reported in Section 2 imply that with every 36.3 per cent of a colony that is of Chinese descent, there is an associated 0.6 reduction in average approval for 'cheating on taxes if you have a chance' (on a ten-point scale), and a one standard deviation improvement in the score for control of corruption, and the Chinese settler states, such as Taiwan, Singapore, Hong Kong, and Macao, perform significantly better than their peers on indices of bureaucratic quality, public service delivery, and the rule of law. Studies of these countries have typically attributed this to the positive effects of British or Japanese colonialism (e.g. Kohli 1994), yet we may legitimately ask whether the post-colonial political elites of these territories were not also the beneficiaries of a

longer legacy of Chinese state formation, by which such norms as meritocratic examination, public accountability, and provision of public goods were advanced and perhaps superior to the norms prevailing in European polities. Certainly this was so in the Middle Ages, when European observers such as Marco Polo ([1298] 1871) had noted the superior provision of roads, street-lighting, and policing in China, compared to standards prevailing in medieval Europe. In the Enlightenment era also, scholars such as Voltaire (1764) and Quesnay (1767) had taken to praising the role of the literati in informing the conduct of the Chinese Empire.

How may the settlement of Chinese improved the prospects for state development and efficacy in these countries? With reference to the case of Taiwan, in this section I show that Chinese migration had two key effects. First, Chinese administration brought norms of public education and meritocratic recruitment. The Chinese Empire was among the earliest states to break with clientelism, and adopt a centralized bureaucracy: starting with the Tang dynasty in 690, regulations were set up for the highest degree of the examination system, breaking the previously monopoly of 'great families' over feudal offices. A gradual process of centralization took place over many centuries, completed in 1370 when all except examined men were in theory barred from public office⁵¹, and in this regard the Chinese imperial state was therefore well in advance of European polities, where patronage remained the basis of allocating offices⁵². Second, the Chinese state also brought expectations of public service delivery, as officials, responsible to the

⁵¹ Though Weber ([1915] 1951) claims this, it was not strictly speaking true, but rather constituted an ideal to which successive dynasties sought to approximate. In certain periods of time, there was always some proportion of new magistrates who succeeded in buying their title rather than pass the exam.

⁵² The Chinese imperial system also imposed several other requirements on its scholarly elites, including a tradition of public accountability via the *Peking Gazette*, a daily publication of the memorials submitted to the emperor, and the decisions made or deferred, from the 8th century to the final edition in 1912. The *Gazette* has been characterized as a 'strong and often quite effective safety-valve for the pressure of public opinion with regard to the official's administrative activities' (Weber [1915] 1951), such that the ability of the local mandarin to extract rents from the populace was limited by the constant possibility of denunciation by one's subjects in a petition to the Emperor; a tradition that continues in the powerful anti-corruption commissions of the modern Singaporean and Hong Kong executive offices. The fact that Hong Kong and Singapore have the world's highest per capita rate of prosecutions for corruption, is not so much a function of the prevalence of graft, as the power and zeal of the public authorities to investigate and clamp down on such acts.

Imperial Court, were intermittently mobilized to organize public works projects and collective defence. As we shall see, this was also the case in Taiwan under Chinese imperial rule.

The Chinese Settlement of Taiwan

The island of Taiwan, 150km off the southeastern coast of mainland China, was historically populated by Austronesians, comparable in this regard to the isle of Madagascar, 400km from the coast of Africa⁵³. When the Dutch East India Company (VOC) arrived at the Southern Taiwanese bay of Saccam in 1623, around 98 per cent of the island's population were aborigines, while a temporary population of around 1,500 Han Chinese, constituting the remaining 2 per cent, worked as fishermen or traders⁵⁴.

Upon claiming Taiwan for the Dutch East Indies alongside the company's existing possessions in Indonesia, Indochina, Bengal and Persia, officials thought of transforming the island into a sugar plantation. Dutch Taiwan's first governor, Hans Putmans, thus petitioned colonial authorities in Batavia and Amsterdam to send "two or three thousand Dutch" to settle as a colony and establish plantations⁵⁵. However, due to the distance and the difficulty of finding settlers for such an expedition, his requests were turned down, and the authorities encouraged him to foster the settlement of nearby Chinese farmers instead. Following the advice of their superiors, in 1636 the Dutch Council of Formosa put up signs in Fujian 'calling all Chinese who are so inclined to come to us here from China and settle in Saccam to plant rice, with the promise that they will pay no tolls or residence taxes for the first four years'⁵⁶, hoping that 'through the

⁵³ The comparison also extends to the colonization experience, as Madagascar was steadily settled by Bantu colonists over the same period, though the indigenous population were not as comprehensively displaced as in Taiwan.

⁵⁴ Coincidentally, Taiwan bears certain anecdotal resemblances to Trinidad: both passed very briefly under Spanish influence before a period of 'Anglo-Saxon' rule (though Dutch, rather than British, in the case of Taiwan)⁵⁴, saw Asian settlers brought in to facilitate the growing of a sugar crop for export, and became largely depleted of their indigenous population. There are also important differences, of course, such as that Taiwan was for two centuries under the imperial rule of the settler population, or that its newcomers were relatively homogenous.

⁵⁵ Cited in Andrade, p. 120.

⁵⁶ Governor Johan van der Burch to Batavia, letter, 5 October 1636, VOC 1120: 288–323, quote at 307.

copious immigration of Chinese this place can in a few years be made into a small breadbox for the company's holdings in all the Indies'⁵⁷. With generous fiscal incentives and brewing political instability on the mainland, many Chinese took up the offer. By 1640, Han colonists made up 7 per cent of the island's population, and a decade later, and with a stream of refugees escaping nascent civil war on the mainland, this figure had expanded to 18 per cent. In the Dutch census of 1650, 15,000 Chinese colonists were recorded on the island (Figure 4.1).

Governor Putmans was soon proved right in his prediction that 'the sugar here will be just as white as that of China, and perhaps better'⁵⁸; by mid-century up to 20 per cent of the land around Saccam was being cultivated for sugar cane⁵⁹, with the Chinese colonists producing upwards of 625,000kg a year⁶⁰. The taxation and export brought a vast revenue to the VOC and Taiwan was for a time the most important asset in the East India Company's portfolio. As governor Nicholas Verburg remarked with satisfaction, 'the Chinese are the only bees on Formosa that give honey'⁶¹.

However, such vast profits generated interest far and wide, and with a paltry garrison of 1,200 Dutch to protect the island and keep order, the beehive soon faced unwelcome interest. The Dutch were able to contend with periodic pirate raids and at least one full-scale insurrection in 1652, but in 1661, Chinese warlord Zheng Chenggong settled the matter decisively, by invading the island with an army of 30,000. The Dutch were expelled from Taiwan, never to return. Their model of settlement and taxation survived, however, and Zheng continued the policy of Han colonisation, bringing the Chinese population to around 40 per cent of the island's total. Finally, in 1683, with the civil war

⁵⁷ Governor Hans Putmans to Governor-General at Batavia, letter, 20 February 1635, VOC 1116: 311-23, quote 321.

⁵⁸ Governor Hans Putmans to Kamer Amsterdam, letter, 28 October 1634, VOC: 1114: 1-14, quoted at 11V.

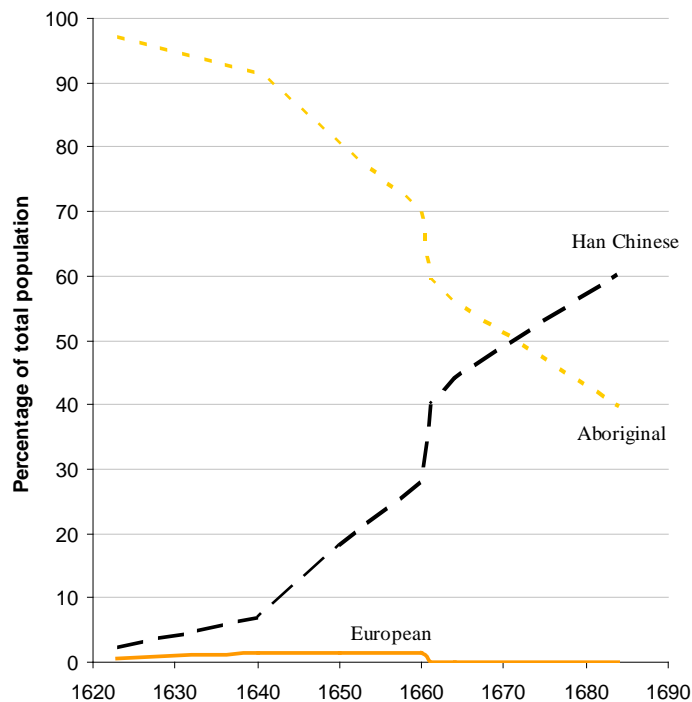
⁵⁹ Johannes Huber, "Chinese Settlers against the Dutch East India Company: The Rebellion Led by Kuo Huai-I on Taiwan in 1652," in *Development and Decline of Fukien Province in the Seventeenth and Eighteenth Centuries*, ed. E. B. Vermeer (Leiden: E. J. Brill, 1990), 265-96, esp. 270, note 12.

⁶⁰ Cited in Andrade, ref 65 p. 131.

⁶¹ Cited in Andrade, ref 1, 175.

on the mainland over and the Qing the decisive victors, Admiral Shi Lang led 300 war vessels to Taiwan on behalf of the Qing court, ending Zheng’s mini-fiefdom and uniting the island with the mainland. A year later, the island was made a prefecture of Fujian province. Han colonization was paused until the mid-eighteenth century, but then restarted, in a process of continuing displacement of the dwindling indigenous population. Putterman and Weil (2009) estimate the population of Taiwan to be of 98 per cent Han origin and 2 per cent indigenous in 2000, which if accurate, would paint a mirror reversal of the percentages on the eve of Dutch arrival in 1623.

Figure 4.1 Chinese Settlement in Taiwan, 1623-1684



Note: Estimates compiled from multiple sources: Dutch census of 1650, estimates of governor Putmans in 1623, 1640; Record of invading army of Zheng Chenggong; Census of Shi Lang in 1684.

The Settler and the State in Colonial Taiwan

What enduring legacy of the Chinese settlement in Taiwan during the seventeenth century might explain the nature of governance in the island today? Clearly, historical

processes involve causal paths, and the most proximate events in Taiwanese history are the periods of Kuomintang and Japanese colonial rule; nevertheless, there appear to be two important aspects of this initial era of the settlement. The first concerns education, and norms of meritocratic recruitment to the bureaucracy: even as early as under the son of Zheng Chenggong in the 1670s, before Qing rule was assured over the island, it was ensured that 'schools were established and maintained by every district' and that 'examinations were held once every three years, and such scholars as reached a certain standard were admitted to a high school, from which, should they be so fortunate as to graduate, they were appointed officers of the government and given rank and position'⁶². This system continued under Qing rule, and though the officials put in place by this system were frequently corrupt and predatory, a basic commitment to education and meritocratic attainment had been established.

A second important legacy lies in the long process of enhancing state capacity that occurred over the span of Qing rule in Taiwan from 1683 to 1895. In the beginning, Taiwan was merely a backwater of the dynasty, to which the imperial court gave little attention, yet in response to threats internal and external, administration of the island was steadily tightened⁶³. During the first century of official Qing rule over Taiwan, it remained a dangerous and lawless frontier, characterized by constant land feuds between Chinese communities, between the Chinese and the aboriginal population, and against pirates using Taiwan as a refuge from the mainland. In this uncertain environment, during the first century of Qing rule the Han colonists had largely to administer their own affairs, with only minimal interference from the court. Faced with the constant threat of intercommunal warfare, the *baojia* system of local government

⁶² Davidson, *The Island of Formosa*, .58.

⁶³ When Shi Lang conquered the island in 1683, the Qing court was initially inclined to withdraw all settlers, and only after Shi's petition it was made a prefecture of Fujian province. Under the governor of Fujian, Taiwan was very loosely administered, with an annual tour on behalf of the governor and a small contingent of Mandarins to administer justice and taxes, though the latter are widely reported to have behaved in a predatory fashion and reports of judicial bribery were likewise common.

thus evolved into a clan system of mutual defence⁶⁴, whereby settlers would associate with communities of a similar ancestral or geographical background, and form highly formalized 'co-operatives' with strict rules of entry, rights, and obligations. These cooperatives were formed to protect property rights from outside encroachment, and pool capital for investment in large-scale irrigation and water control systems⁶⁵.

The low commitment of imperial forces to Taiwan, the predatory behavior of officials posted on the island, and the high degree of organization among the settler population also made perfect conditions for recurrent uprising and peasant rebellion. Thus from 1684 to 1895, 159 major incidents of civil disturbances rocked Taiwan, including 74 armed clashes and 65 uprisings led by wanderers⁶⁶. Rather than reinforce the institutions of the Qing state, the cooperatives typically formed a basis of resistance against it: as they provided an organizational base for the many social uprisings and rebellions that characterized this era, as locals sought to rid themselves of predatory Mandarin elites⁶⁷.

Given these lawless beginnings, how did the Chinese state succeed in consolidating and eventually transforming institutional norms in its newly acquired territory? The answer is that the strength of local Chinese institutions, ironically, became the basis of a comparative strengthening of imperial state institutions against them, to prevent further social disorder. With each quelled insurrection, the Mandarin elites sought to improve the quality of governance of the island, by bringing institutional norms more in

⁶⁴ Under Dutch rule, Taiwan had had a two-tiered system of governance: on the upper level lay the administrative apparatus of the colonial state under the Governor and the Council of Formosa, which levied taxes, registered property, adjudicated legal disputes and provided military protection. At the local level, Taiwan operated upon the *baojia* system common to mainland China, in which ten family heads were responsible for maintaining order, collecting taxes, and organizing public works. Though there was some interaction between these two levels of governance, notably when the VOC set up a Board of Aldermen to help administer justice in the colony and drew two Chinese members from the *baojia* heads, to all extents and purposes the two administrative levels remained separate. At their peak, the Dutch colonial powers had no more than 1,200 members on the island, and this naturally constrained their ability to intervene in local affairs, where they instead relied upon the ability of Chinese communities to govern themselves.

⁶⁵ Chen Chiukun, *From Landlords to Local Strongmen*, p. 145, in *Taiwan: A New History*, ed. Rubinstein.

⁶⁶ Hsu Hsueh-chi, *Chinese Military Camps on Taiwan during the Qing Dynasty*, 109.

⁶⁷ Chen Chiukun, *From Landlords to Local Strongmen*, p. 146, in *Taiwan: A New History*, ed. Rubinstein.

line with the better governed prefectures of the imperial mainland. From the eighteenth century onwards, this ensured a gradual process of state consolidation as the Qing court launched repeated attempts to extend and rationalize its control over the island in response to each major domestic disturbance, typically via a group of officials dispatched from Fujian or Beijing to consider matters of administrative reform.

The first such effort at administrative reform came following the re-establishment of imperial control in 1722 after a rebellion led by Zhu Yigui. Considering a set of reforms for the territory, Luchow, one of the emperor's literati, conciled that 'justice should be executed impartially', 'illegitimate gifts of money to the public courts should be done away with', 'free schools should be widely distributed, and that high rewards should be held out to successful literary candidates'⁶⁸, and that the salaries of the imperial officers be raised, so as to prevent them preying upon local villagers⁶⁹. While these measures were not fully implemented, additional schools were built, and officials avoided the worst excesses of their predecessors, if only so as to avoid their fate.

The second major phase of administrative reform led from Beijing occurred in the last period of Chinese rule from 1860-95, in order to counter growing Japanese and renewed European interest in the island. In 1871 Japan had formally demanded Qing recognition of their sovereignty over the nearby Ryukyu islands (annexed 1879), while in 1884 the French invaded the Pescadores islands, leading to a brief war with China, albeit one in which the Chinese prevailed. Fearing an eventual takeover of Taiwan and possibly even an incursion on to the mainland, Beijing now engaged in a rapid process of 'defensive modernization', seeking a complete overview of Taiwanese infrastructure and administrative organisation. Over the next two decades, corrupt officials were impeached, taxes deepened, a new capital founded and fortified, machinery for coal mining, lumbering, sugar refining, and brick making introduced, troops rearmed with

⁶⁸ Davidson adds that this advice, indeed, was acted upon and that numerous additional schools were subsequently established (Davidson : 75).

⁶⁹ in Davidson, p. 75.

modern canons and rifles, railways built, cable and telegraph lines laid, a local steamship service introduced, roads constructed, harbours dug, and a new postal service introduced⁷⁰. Though a certain academic literature, therefore, has tended to attribute the bureaucratic efficacy of the Taiwanese state to the reforms of the Japanese colonial era (Kohli 1994), it is in the administrative reforms of the late Qing era that one can find the initial germs of this developmental state⁷¹.

The Chinese reorganization of Taiwan during this epoch consisted in several elements. First, the authorities embarked upon administrative and fiscal reform: in 1886 Taiwan was elevated from the status of a prefecture of Fujian Province to a Province in its own right, upon which governor Liu impeached Liu Ao, Taiwan's circuit attendant and highest-ranking Ching official on the island, due to corruption⁷². A land tax reform was initiated and completed in 1890, with the aim of rationalizing the fiscal system and raising greater revenues for public investments, and annual revenues from land and poll taxes rose from 183,000 to over 500,000 taels⁷³. Second, the Chinese used these additional revenues, together with subsidies from the mainland, to invest in a wide range of infrastructure projects including fortifications, railways, cable and telegraph lines, roads, harbours, and a postal service. Third, the Chinese engaged in policies designed to consolidate the loyalty of Han and aboriginal Taiwanese to the Qing dynasty. Fearing that the aboriginal population might prove a 'fifth column' for foreigners seeking to gain influence on the island, the imperial state engaged in a program of 'turning peasants into Chinamen' through a new 'sinification' policy, which included the construction of public schools to tutor the natives, insertion of Han colonists in their villages, and connecting the aboriginal villages to the Han settlements

⁷⁰ Spiedel, *Administrative and Fiscal Reforms*, p. 442.

⁷¹ A good example is the western link railway built by the Japanese in 1908, often considered symbolic of the modernization of the island. However, the first sections of the line had already been built under the Chinese during 1887-91, and constituted the first stage in the plans of Ting Jih-Chang, dating from 1876-7, which envisaged the full western link.

⁷² Rubinstein p. 188.

⁷³ Speidel, "Administrative and Fiscal Reforms", p. 453.

through an extensive mountain roadbuilding program⁷⁴. In addition, to provide greater opportunities for Han living on the island to advance in the imperial bureaucracy, educational opportunities for Taiwanese were expanded, with fourteen Confucian academies built between 1860 and 1893: generating 343 degree holders, or over a third of the total since Chinese rule on the island had commenced in 1661.

We can see therefore that Chinese settlement led to improvement of the institutional norms in Taiwan in two key regards. The first was in the introduction of Chinese norms of public education and meritocratic recruitment: educational institutions were founded and civil service examinations conducted from the first era of Chinese rule. These institutions appears to be a defining feature of the Chinese state, and their effects in patterning the economic behavior of Chinese settlers ought not to be underestimated. The second, which occurred only gradually as the Chinese state consolidated its presence in Taiwan, was the introduction of greater bureaucratic efficacy, insofar as civil servants were increasingly sanctioned for predatory behavior, and pressured, more from above than from below, to deliver public goods necessary to the defence of the realm. Concurrent with this drive to improve the efficacy of the civil service was an increased commitment to monitor and sanction malfeasance, and this reduction in the graft characteristic of the medieval Chinese state, would in turn enable the more efficient use of public funds.

⁷⁴ In 1874-5 alone, 307.5 miles of roads were extended into the uplands.

5. Conclusion: the Transfer of Eurasian Institutions

The regressions reported in section 3, and the historical accounts discussed in section 4, indicate that there are certain features of migrant groups that make certain institutional norms more probable. Ethnic groups from the Eurasian landmass, including not only Europeans but also Chinese and Indians, are associated with improved government performance on a number of dimensions. This is not due to any intrinsic tendency, but rather because these groups have acted as vectors for institutional norms from their home lands, such as meritocratic recruitment or the division of economic roles. But why did Eurasian societies have this institutional head-start in the first place?

To this question, one can discern several possible answers. The first I shall the 'early modernization' or 'proto modernization' hypothesis: Eurasian societies experienced exogenous improvements in their medieval technological and economic development, and these in turn facilitated the growth of urban societies and the genesis of such institutions as the bureaucratic or absolutist state. Diamond (1997), for example, argues that Eurasian societies were the beneficiary of an East-West axis, from Rome, to Baghdad, to Karakorum and Beijing, along which there has always been a free movement of peoples, goods and ideas, and as a result of which innovations at one point in the chain are steadily diffused to others. For example the compass, used by the Chinese, was brought to Europe by Marco Polo; knowledge of gunpowder was brought from China by Muslim traders (Buchanan 2006); and the Crusaders, returning from the Middle East, brought with them Arabic knowledge of medicine and architecture (Mitchell 2004). On the other hand, African and American civilizations found themselves situated on axes running from North to South, rather than from East to West, and had

access to a far poorer range of domesticable crops and animals⁷⁵, and few if any trade routes that would facilitate technological diffusion. European explorers, on their initial arrival among the Aztec and Inca Empires, were astonished to discover that the locals had advanced knowledge in some areas, such as masonry, astronomy, and mathematics; but no familiarity with long-established and more 'basic' Eurasian inventions such as the wheel, paper, or steel (Prescott 1843, 1847).

This 'early modernization' argument can be broken down into two elements. A first aspect concerns the state directly: certain improvements in military technology, such as the cannon or steamship, favoured larger states able to mobilize the resources necessary to invest in such defensive assets; while improvements in communication technology, from the printing press to the telecommunication cable, reduced the cost of the sovereign monitoring and policing civil servants, thereby ensuring the feasibility of large-scale bureaucratic organisation. Eurasian states therefore were quicker to replace feudal rule with centralized bureaucracies, and more effective in ensuring that servants of the state did not disobey the sovereign or appropriate his resources for their own ends. A second aspect of this modernization argument, however, is quite different and concerns the ways in which social institutions may have affected patterns of state organization. For example, because Eurasian societies were more agriculturally advanced, this facilitated the growth of a larger urban society, and hence a larger administrative and merchant class. In addition, benefiting from the invention of writing and the printing press, Eurasian societies also experienced the greater development of codified law and religious practice. One important aspect of the latter development was that Eurasian societies were home to what Jaspers (1953) has termed the 'Axial' religions, namely, those religious systems based around written texts and a universal code of conduct. Whether coincidentally or as some consequence of their written codification, such 'Axial' religions - Buddhism, Islam, Christianity and Judaism – directly altered social norms, by introducing beliefs such as belief in an afterlife, reward and

⁷⁵ As documented in Diamond 1997.

punishment for one's actions, and the commitment to a universal code of conduct outlawing activities such as murder and theft⁷⁶ (Jaspers 1953). Perhaps more importantly, the Axial revolution also increased literacy, the accumulation of knowledge, and the skills necessary for the emergence of a bureaucratic class, because scriptural doctrine necessitated the rise of a scholarly class that was capable of reading and interpreting sacred texts (Eisenstadt 1982). It is therefore among the 'Axial' societies that one finds the first schools of learning, which later became centres of training for the state bureaucracy. Finally, often conjoint with religious penetration, Eurasian societies saw increasingly sophisticated systems of social hierarchy. This process has been described by Elias (1969, 1982) as a 'civilizing process,' in which Europeans and other Eurasian peoples learnt to accept restraint in social and sexual relations, differentiate between layers of nobility, and respect the orders of political and moral authorities. Parallel processes in the elaboration of the caste system in India and the rise of the literati of China, confirmed via institutions of study and examination (Weber 1915)⁷⁷.

A second and complementary hypothesis regarding the 'Eurasian advantage' is the theory of "institutional reversal". Emerging states in Africa and the Americas were disrupted by the influence of European colonial powers, leading to a process of 'de-institutionalisation' as previously legitimate hierarchies broke down and gave way to extractive institutions (Acemoglu, Johnson and Robinson 2002). The Inca Empire or the Kingdom of Kongo, for example, were mature states at the time of the arrival of

⁷⁶ Hinduism is difficult to classify, as while it lacks a clear code of conduct, it is based on a written text and incorporates some of the beliefs, such belief in an afterlife, that are considered central to the Axial revolution.

⁷⁷ That hierarchical social norms might be positive for the rule of law and the security of property rights, might seem contrary to much of the literature on 'social capital', according to which it is equality which lays the foundation for voluntary cooperation (Putnam 1993). However, it is important to distinguish voluntary cooperation from obedience, either of which is requisite to ensure the rule of law. Moreover, a second important factor is the fact that, within socially differentiated societies, there is frequently the possibility of advancement from one category to another; the child of any Chinese peasant can ascend to the mandarin class, if they prove their merit, while the institution of knighthood in Europe, implemented at the time of the Crusades, was a means by which those of noble birth had to demonstrate their right to such a role.

European explorers, but colonial powers broke up these political units and in their place implemented extractive economies based around the mining of silver, or the harvesting of ivory and rubber⁷⁸. The institutional reversal thesis can help to explain why meritocratic norms and behaviors were maintained among the populations of many Eurasian polities, as well as why a widening gap emerged between these and the conquered nations of the Americas and Africa. A question only remain as to the exact mechanism by which institutional reversal occurred: for example whether it was a consequence of the introduction of an ethnic stratification system which barred and disincentivised achievement and social mobility by oppressed peoples; the sustenance of extractive economic institutions, such as the plantation system or tax farming; or the disruption of existing legitimate polities and the subsequent formation of nation-states composed heterogeneous religious, ethnic, and linguistic groups. Regardless of this mechanism, however, the hypothesis suggests that the Eurasian advantage is due to the earlier adoption of Eurasian technologies by states such as China, Japan, or the Ottoman Empire, and the fact that this enabled them to wholly or partially resist European encroachment and instead maintain an independently legitimate political order⁷⁹.

Whatever the relative importance of these two approaches, our findings suggest two key points. First, by focusing on the behavior of colonial powers, rather than the importance of population flows, much of the contemporary literature examining institutional performance in former colonies is missing a crucial dimension of historical variation. It is not whether a colony was governed by a British or a Portuguese official that determines their extent of state capacity today, but rather whether such colonies were peopled by groups historically accustomed to norms of centralized political organization, capable of maintaining and reconstructing such institutions in the post-colonial era. If we are to understand why Macao is more like Hong Kong than it is like

⁷⁸ This is moreso the case for the Inca Empire, which is estimated to have had an income per capita higher than that of most European nations at the time of the Spanish arrival.

⁷⁹ The theory cannot entirely account for the case of India, however, though it could be argued that India also experienced a partial 'institutional reversal' as a result of British rule and the country's consequent deindustrialisation.

Angola, therefore, we would do well to begin by acknowledging the importance of an immigrant population from a society in which civil servants were recruited somewhat meritocratically, monitored and sanctioned by their superiors, required to collect taxes thoroughly and impartially, and to invest these in such projects as were in the interest of the sovereign⁸⁰. Second, our results also suggest a degree of modesty with respect to the beneficial effects of European migration: the regression coefficients reported in section 3 imply that only protestant, Northern European settlement is associated with consistently high institutional quality, while Iberian settlement is no more conducive to strong state institutions than Chinese or Jewish settlement, and only moderately more beneficial than Indian settlement. If scholars are to better understand variation in post-colonial institutional outcomes, the legacy of Eurasian population flows deserves equal consideration to the legacy of the actions of colonial powers.

⁸⁰ Likewise, when it is argued that the postwar developmental states of Korea or Taiwan trace their origins to Japanese colonial rule, we would be well advised to keep in mind the counterfactual hypothesis, namely as to whether comparable outcomes would have attained had the Japanese not conquered neighbouring lands with similar traditions of bureaucratic development, but instead conquered lands along the Congo or Gambia rivers.

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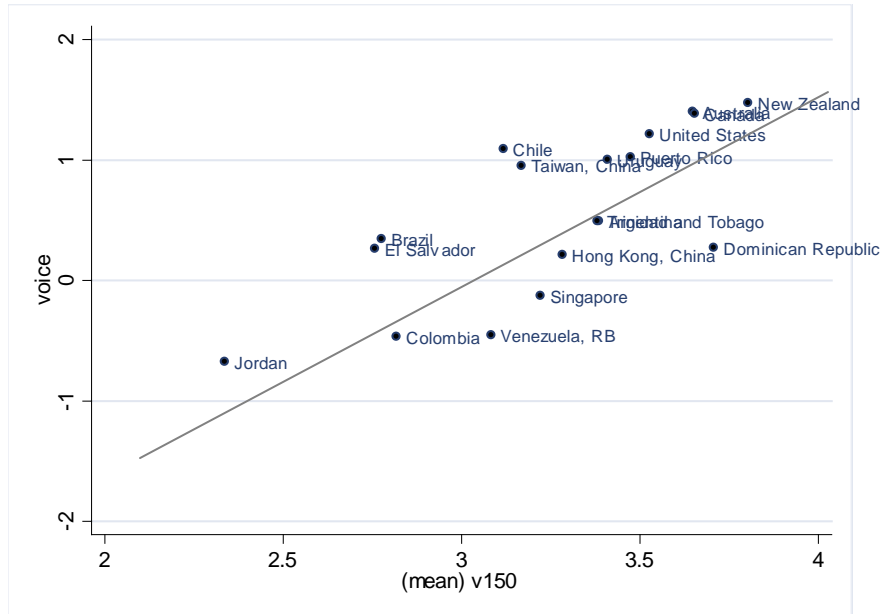
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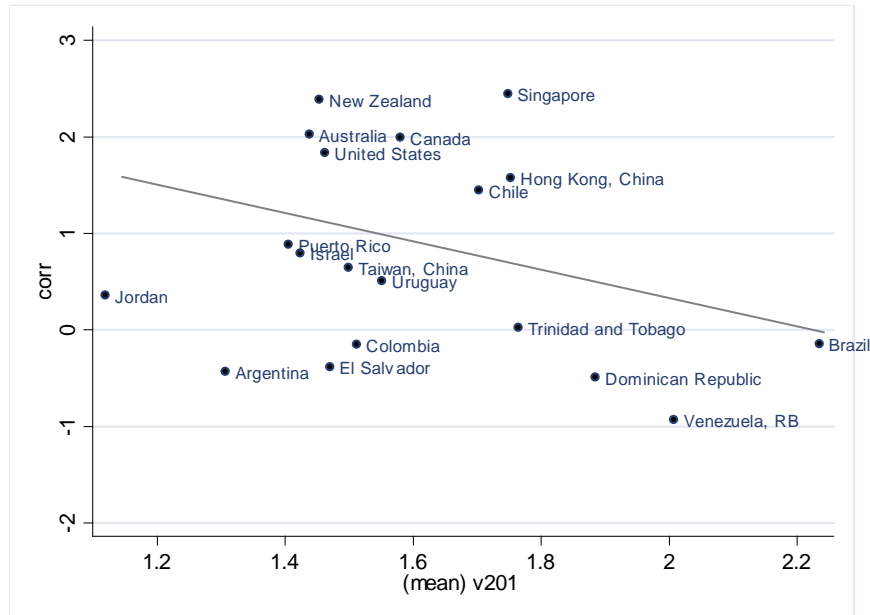
7. Appendix

Voice and Accountability and Values – Support for ‘Having the Army Rule’ (r = 0.73)

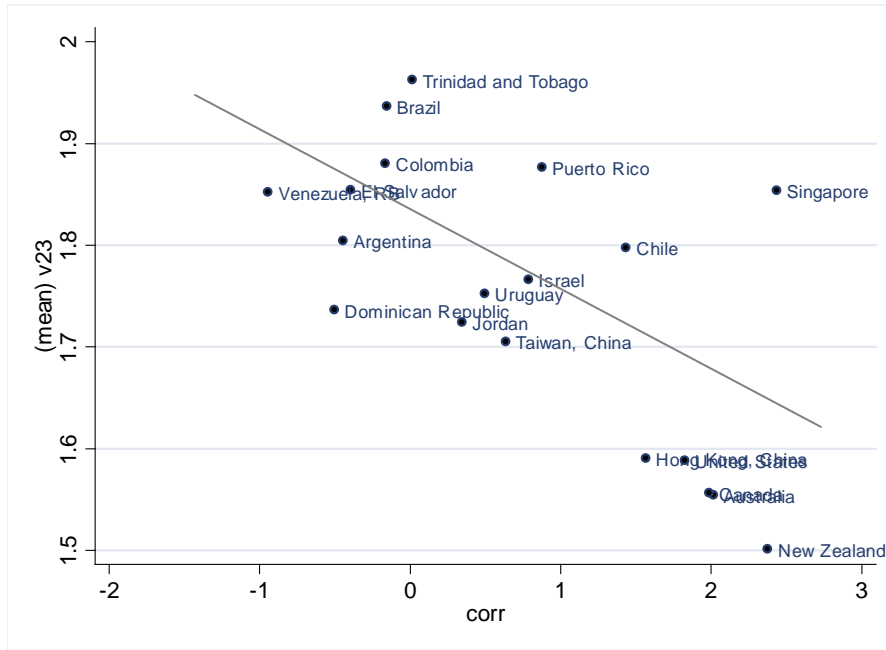


Source: World Values Surveys.

Control of Corruption and Proportion Viewing Bribes as ‘Acceptable’



Control of Corruption and Social Trust (r = 0.66)



Component-plus-residual Plot, 2nd Stage of Regression of Corruption on Values (Instrumented Using Settlement Patterns by Religious Grouping), Islamic Countries Excluded

