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Historical Constraints of Good Governance in Asia, Africa, and the Middle East:

The Effect of Colonial and Pre-Colonial Variables on Institutional
Capabilities

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1. Introduction
2. Indices: pre-colonial socio-political differentiation, and colonial political transformation
3. Dependent variables
4. Method
5. Results

1. Index: Pre-colonial socio-political differentiation

1. Political integration
2. Economic stratification
3. Size of local communities
4. Existence of a writing system

Index ranges from 0 - 100

2. Index: level of colonial political transformation

1. Colonial Instrumentalization of ethno-linguistic/religious cleavages
2. Form of political domination
3. Violence at the onset of colonization
4. Violence during colonialism
5. Violence during decolonization

Index ranges from 0 - 100

Dependent Variable

World Bank Governance Indicators 1996-2011

- Government effectiveness, rule of law, control of corruption
- Mean of scores for all available years
- factor analysis, very high factor loadings for all indicators on one factor (>0.96) → factor scores as the dependent variable

Method

Regression Analysis (OLS)

Sample: non-European World (N=83),
countries where people with European
descent make up only a small percentage of
the country's total population

Table 2

Dependent Variable: Governance Indicators Mean 1996 – 2011

	1	2	3	4	5
Colonial Political Transformation	-,012 ^a (-5.072)	-,012 ^a (-4.173)	-,012 ^a (-4.620)	-,010 ^a (-3.755)	-,013 ^a (-4.545)
Socio-political Differentiation	,009 ^a (4.253)	,009 ^b (3.113)	,009 ^a (4.984)	,009 ^a (3.479)	,011 ^a (3.541)
Land area (log)		-,030 (-0.838)			-,013 (-0.309)
Latitude		-,149 (-0.197)			-,538 (-0.795)
OPEC		-,094 (-0.476)			-,085 (-0.403)
Legal Origins: Engl.			,133 (1.055)		,137 (0.945)
Legal Origins: Socialist			-,384 (-1.603)		-,376 (-1.394)
Legal Origins: German			1,129 ^a (10.146)		1,074 ^a (4.293)
Duration Colonialism (log)			,208 ^c (2.469)		,194 ^d (1.945)
Political Stability 65-95				-,026 (-0.822)	-,040 (-1.347)
Democracy 65-95				,030 ^c (2.277)	,002 (0.133)
Public Spending on Education 65-95				,090 ^c (2.148)	,107 ^b (2.212)
N	83	78	82	79	76
Adj. R-square	,327	,312	,495	,397	,498

Regression with robust standard errors

^aSignificant at 0.1 percent^cSignificant at 5 percent^bSignificant at 1 percent^dSignificant at 10 percent

Results

Additional controls (not significant):

- average debt % GDP 1970-95
- average aid % GDP 1975-95
- average tax revenue % GDP 1975-95
- average government consumption % GDP 1975-95
- average urbanization % of total population 1970-95
- average costal population % of total population 1970-95
- Landlocked countries

Conclusion

- Colonial political transformation shows a negative effect on institutional capabilities
- Socio-political differentiation has a positive effect on institutional capabilities
- Both indices remain significant when controlled for a broad range of colonial and post-colonial variables
- Makes a strong case for the path dependence of institutional capabilities