BA thesis
in economics

Colonial Legacy in the Great Lakes Region

Has British and Belgian colonialism affected economic development differently in Burundi, Democratic Republic of Congo, Kenya, Rwanda, Tanzania and Uganda?

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Preface and Aknowledgements

The BA thesis *Colonial Legacy in the Great Lakes Region* is a 12 credit (ECTS) final assignment at the Department of Economics at the University of Iceland. I wish to express my sincere gratitude to Þráinn Eggertsson, who served as my supervisor, for his support and guidance.

Abstract

The effects of Belgian and British colonization strategies on the subsequent post-independent economic growth in colonies in the Great Lakes region are studied with a comparative analysis of certain key economic and socio-economic indicators. Different explanations of cross-country disparities in post-colonial development are examined with a focus on the impact of institutions on economic growth. The choice of countries was based on the fact that they share certain characteristics, such as: all six countries belong to the Great Lakes region and share important geographic and climatic characteristics, all have multi-ethnic societies, the Bantu cultural impact is significant in them all and Swahili can be used as a language to some degree in all six countries. These similarities help isolate the impact of different colonial models as determinants or co-determinants of economic development. The Belgian colonization strategy in the Democratic Republic of Congo, Rwanda and Burundi was heavily extractive, while Britain favored a more subtle form of settler colonization strategy in Kenya, Tanzania and Uganda. The pre-independence economic statuses of the Belgian and British colonial states are explored as well as the development and progress of these colonies after independence. Finally, the six countries are grouped according to their colonizer and compared according to factors such as gross national income, Human Development Index, average years of total schooling and governance indices. The analysis show that the British colonies have fared far better after independence than the Belgian colonies when it comes to these key economic and socio-economic indicators. This indicates that the differences in institutional development may have played an important role.

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1 Introduction

Since the end of the colonial period much attention has been given to why Africa has lagged behind, say, Asia in economic and social progress. Researchers have hoped that by finding an answer to such differences an answer would also be found to what Africa should do differently:

> *Arguably the most important questions in social science concern the causes of cross-country differences in economic development and economic growth. Why are some countries much poorer than others? Why do some countries achieve economic growth while others stagnate? And to the extent that we can develop some answers to these questions, and the next one: what can be done in order to induce economic growth and improve the living standards in a society? (Acemoglu, Robinson – the Role of Institutions in Growth and Development, 2008)*

Beyond the question of African performance versus the rest of the world, attention has over time started to focus on disparities within Africa, as it has become clear that not all African countries have lagged behind in growth and development.

> *It is well known that Africa´s development lags behind that of other regions. Lesser known is the substantial variance in development fortunes within Africa, with "miracle" economies compensating for the region´s development disasters. Prevailing theories of Africa´s average performance fail to account for intra-African disparities (Englebert - Pre-Colonial Instutitons, Post-Colonial States, and Economic Development in Tropical Africa, 2000)*

As most of Africa had long or short spells as colonies of a foreign power it is only natural that attention should be given to the impact of different colonial models and approaches on post-colonial economic and social development. One such question is whether the origin of the colonizing power, e.g. British, French, Belgian or Portuguese, was a determinant of post-colonial development

Few would argue that European colonization had little or no effect on colonies in Africa. While much historical analysis has focused on the damage done by colonialism, other views have been voiced, too. Ian Smith, former prime minister of Rhodesia, regarded colonization as greatly beneficial for the African continent, and was quoted saying:

> *I would say colonialism is a wonderful thing. It spread civilization to Africa. Before it they had no written language, no wheel as we know it, no schools, no hospitals, not even normal clothing (Smith, 1997).*

While it is true that European colonizers often advanced the development of the colonized territories by building roads, railways and sometimes schools, the inhabitants of pre-colonial African regions might, however, not agree with Ian Smith's rosy view of European colonization. Even in cases where out of colonialism a thriving society emerged, e.g. United States and Australia, the experience differed greatly between the original inhabitants and the colonizing immigrants. And scholarly work more often than not arrives at a conclusion different from that of Mr. Smith, some of it more qualified and nuanced than a simple yes or no:

> *Our investigation shows that the impact of colonization on growth in Africa was, on average, negative. We find economically significant differences in the average growth rates once we group countries according to the political status, the metropolital ruler and the degree of economic penetration experienced under colonial rule (Bertocchi and Canova, 1996).*

Following that line of inquiry, with this paper I would like to study the effect of different origins of colonization on post-colonial growth and development, exemplified by the former British colonies Kenya, Uganda and Tanzania, on one hand, and the Belgian colonies Democratic Republic of Congo (DRC), Rwanda and Burundi on the other hand. The key question I pose is whether having had different colonial masters has made a difference in terms of development. This is, of course, not a new question, nor is the answer that :

> *Colonialism did significantly affect development patterns and the identity of the colonizing power is important to subsequent growth (Grier, 1999).*

To put the exploration of a sub-set of countries into context, I will briefly touch on a few theoretical explanations for cross-country disparities. A particular focus will be given to the impact of institutions and the colonial legacy in that regard, as these frequently emerge as a key explanation for differences within Africa, but also in other regions. This will be followed by a brief explanation of the choice of countries to explore in a comparative analysis, providing an argument of why these countries can be used for comparisons without it being a comparison of apples and oranges. A section will be devoted to a description of the experience of the selected countries under Belgian and British colonial rule, respectively. A part of this description will identify and compare settler and exploitation colonialism, two forms of colonialism identified by scholars, and give an historical overview of the different methods of colonization used by Belgium and the United Kingdom, as some theories focus on these two different forms as key to the emergence of different types of institutions and, hence, different post-colonial legacies. Following that I will look into the economic development of these states after colonialism to establish whether they have progressed differently in key areas of economic development. Finally a comparative analysis will be performed on the collected data.

2 Explanations of cross-country disparities in post-colonial development

To what extent can the different origins of colonization and the different methods of colonization sometimes associated with different colonial powers be discerned or verified as having an impact as far as post-colonial economic growth and other key socio-economic aspects are concerned? This is a question that has been a great source of debate among development economists and historians. Such country and colonial powers' comparisons are bound to be difficult and can become borderline speculative, due to the differences in country context and circumstances and the numbers of variables involved, many of which are hard to disentangle. Accidents of history and differences in natural endowments between countries also make such comparisons extremely hard.

Mainstream development economics, with its notions of long term production functions, factor availability and productivity and comparative advantage, conditions of supply responses, the characteristics of dual economies, etc., have all had their part in seeking a coherent explanation. Increasingly, however, economists have started to look at elements that would better pinpoint where Africa differs from much of the world, and as seen in Figure 1 quite dramatically, and where location specific explanations are needed.

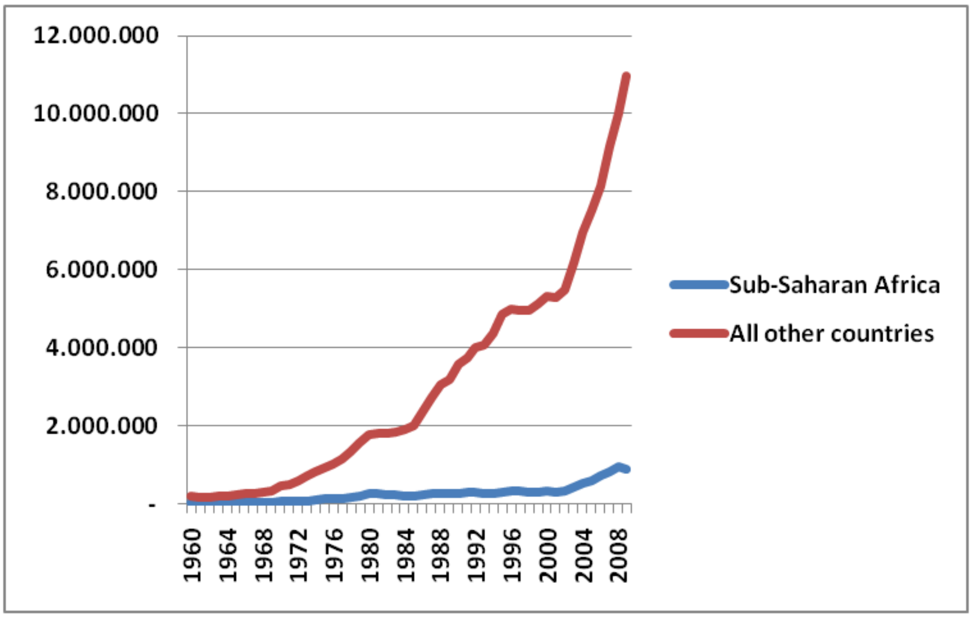

Figure 1: GNI in million US$
Source: (World Development Indicators, 2009)

‘Geography as destiny’ is one set of explanations (Jeffrey Sachs and others, and partly Masanjala and Papageorgiu, 2005), which claims that due to climatic and geographic reasons Africa is at a natural disadvantage. The prevalence of virulent malaria and other similar diseases, and the particular circumstances of the many land-locked countries are seen as important hindrances to growth (see later rationale for the emergence of exploitative colonization, which fits this model).

Another school, or schools, of thought looks at social factors, notably the presence and development of social capital, particularly prevalent in Africa, for explanation. Serageldin and others have postulated that limitations to the development of social capital, including ethnic identity, have hampered development. In a similar vein Easterley and others argue that because of ethnic and linguistic diversity countries adopt poor policies and develop poor institutions (Englebert, 2000, p.9). Counterposing his argument against that of Sachs, Easterley wrote: “The consensus among most academic economists is that destructive governments rather than destructive geography explain the poverty of nations”. Furthermore, Rodrik, Subramanian, and Trebbi (2002) found that when institutions are controlled for, geography and trade have a weak direct impact on incomes.

Associated with this argument is the question whether the likelihood of a destructive government is to any degree linked to colonial legacies, e.g through the development of specific institutions.

2.1 The impact of institutions

A third school of thought focuses on the impact of institutions as the defining issue that explains why some countries move forward and others do not. In this context institutions are defined as “*the rules of the game in a society or, more formally, the humanly devised constraints that shape human interaction*” (Douglas North, 1990 in Acemoglu & Robinson, 2008, p. 2).

It has been estimated that approximately 30% of the growth gap between the former Sub-Saharan African colonies and other nonindustrial countries is a long-term effect of the European colonial heritage (Price, 2000). But how can the European colonization strategy have such a strong effect on African economic growth several decades later? According to many institutional economists, the answer lies in the economic institutions that they produced, economic institutions, which many believe to be the main determinant of difference in prosperity between countries, being collective choices of the society that are the outcome of a political process. Much emphasis has been put on institutions in the 2011 World Development Report of the World Bank and according to the report; institutional legitimacy is the key to stability in a country.

> *Institutions are the formal and informal "rules of the game". They include formal rules, written laws, organizations, informal norms of behavior and shared beliefs – and the organizational forms that exist to implement and enforce these norms (both state and nonstate organizations). Institutions shape the interests, incentives, and behaviors that can facilitate violence. Institutions operate at all levels of society – local, national, regional and global (World Development Report, 2011).*

If these institutions are efficient and if property rights, in particular, are secure, countries will invest more in physical and human capital and, furthermore, will use these factors more efficiently (Acemoglu & Robinson, The Role of Institutions in Growth and Development, 2008). Acemoglu, Johnson and Robinson (2008) proposed the following sequence as an explanation of the effect of colonization on economic growth:

Settler mortality → Settlements → Early Institutions
→ Current Institutions → Current Performance

In this chain of logic the extent of settler mortality determines whether colonization follows a settler or exploitation pattern. From that fork in the road then follows the link from early institutions via current institutions to current performance. . This view is also echoed by Price (2003):

> *A colonial heritage could distort institutions as a result of a colonizer choosing a colonization strategy contingent upon whether or not settlement by members of the colonizers country is possible.*

A view combining this type of heritage explanation with geography as destiny should also be noted:

> *Our main finding is that initial conditions at colonial independence has exerted a significant impact on Africa´s post-colonial performance. This has been doubly magnified by Africa´s geography. While not arguing for geographical determinism, we have demonstrated that Africa´s peculiar geography and ecological environment impacted the nature, timing and duration of colonial relationships with European countries. Consequently, the impact of initial conditions and colonialism on post-colonial economic performance in African are different from other regions. (Masanjala, Papageorgiou, 2005).*

A different approach with a similar outcome is represented by Nunn (2003) using game theory to show that

> *"Extraction, taking the form of the slave trade and colonial control, resulted in a permanent increase in rent-seeking behavior and a permanent decrease in the security of private property, both of which have helped foster Africa´s current underdevelopment".*

The emergence of different types of institutions based on the identity of the colonizer has been explored by various scholars. Acemoglu, Johnson and Robinson (2001) mention Hayek (1960) who *"argued that the British common law tradition was superior to the French civil law"* and La Porta et. al (1998, 1999) who "*emphasize the importance of colonial origin (the identity of the colonizer) and legal origin on current institutions, and show that the common-law countries and former British colonies have better property rights and more developed financial markets".*

Following the framework of the institutional explanation it is interesting to explore further still whether specific examples of colonialism played a particular role in defining institutions and whether different colonial powers approached colonization differently (e.g. settlers versus exploitation), established different institutions with subsequent impact on post-colonial growth.

2.2 Colonial powers on post-colonial development: Issues of data and analysis

Comparing countries is fraught with risks of comparing things which are not comparable. One approach is to work with a sizeable sample, classify and organize around the relevant variable (e.g. institutions) and either assume that other variables will fall random or take further steps to neutralize them. Another and simpler approach is to try to find countries which really are comparable, but differ in relation to the variable one wants to investigate. I have selected the second approach and I have selected to look at six countries, three former British colonies (Kenya, Uganda and Tanzania) and three former Belgian colonies (Democratic Republic of Congo, Rwanda and Burundi), which have certain basics in common. All six are part of Africa where Bantu cultural impact is significant (and in all six Swahili can be used as a language to some degree), and all have multi-ethnic societies. All six are identified as being part of the Great Lakes region, a volatile part of the African continent, and all six became independent in the early wave of African independence. Furthermore, they are all African plateau states, some completely and others partly with areas high above sea level, which has been linked to higher productivity, due to the fact that there is less humidity and less malarial infections in that climate, which makes them reasonably comparable in terms of climate, another possible factor of explanation, and in terms of possible settler colonization. Two of the Belgian colonies (Burundi and Rwanda) and one British (Uganda) are landlocked countries. These six countries, therefore, have significant common characteristics in terms of the geography (Sachs) and the culture and ethnicity (Serageldin, Easterley) schools of explanation. It could, therefore, be postulated that major differences in post-independence development would be difficult to explain under these two schools of thought.

Table 1: The colonies in question

Belgian Colonies	Colonization - Independence	British Colonies	Colonization - Independence
Burundi	1924 (1897) - 1962	Kenya	1888 - 1963
DRC	1885 - 1960	Tanzania	1919 (1880) - 1961
Rwanda	1924 (1897) - 1962	Uganda	1890 - 1962

Source: (Rodney W. , 1985)

Regarding the sequence of the economic effect of colonization strategies proposed by Acemoglu et. al, it can be noted, as described in various analysis, that the

Belgians favored extractive colonization methods in Congo, Rwanda and Burundi. Extractive colonialism produced institutions that did not provide checks and balances against the government or the protection of property rights. The property rights of the European settlers were in most cases quite secure, but the majority of the African population did not enjoy the same rights, which prevented their participation in many economic activities (Acemoglu & Robinson, 2008). The British colonization of Kenya and Uganda in particular (they took over Tanzania only after World War I) had strong elements of settler colonization, notably in Kenya. Among the six countries we therefore have one country strongly identified with settler colonization, Kenya, one country strongly identified with extractive colonization, Congo, and four countries with a blend, with Uganda and Tanzania probably leaning toward the settler model and Rwanda and Burundi leaning toward extractive colonization. If the 'institutions as destiny' explanation holds, it could be expected that the three Belgian colonies would develop institutions different from those of the British colonies with subsequently different outcomes in economic development.

To find out whether the two different sets of countries have progressed differently, with the identity of the colonial power being the organizing framework, I will do a comparative analysis on data concerning economic growth and other key socioeconomic indicators such as poverty rates, education, health statistics, infrastructure and private sector. The data displayed in this paper are secondary sources, collected by the World Bank, International Monetary Fund and the United Nations, to name a few. While these organizations are considered to be very reliable, the data collected by these organizations in the developing countries are considered to be unreliable, often of poor quality or simply nonexistent. But by and large these data sets are the most reliable and widely used.

The cross-country economic and socio-economic indicators I chose to compare in this analysis are gross national income (GNI) per capita, average years of total schooling, the Human Development Index (HDI), the Ibrahim index and the CPIA property rights and rule-based governance rating.

3 Colonial legacy

Author Joseph Conrad called the colonization of Africa "*the vilest scramble for loot that ever disfigured the history of human conscience and geographical exploration*" (Conrad, 1995). In this section I explore what characterized colonialism in the selected African countries and what legacies it left behind.

3.1 The Scramble for Africa

The so-called 'scramble for Africa' in the late 19th century, in which the United Kingdom and King Leopold II of Belgium, in a personal capacity, played a key role, influenced the African nations highly and left some regions with a solid foundation for development while others suffered severe stagnation (Krieckhaus, 2006).

By the late 1870's, only ten percent of the continent was under direct European control. At that time, the European powers were content with exerting their economic and military influence from costal outposts. By 1900, however, the European colonizers ruled more than 90% of the African continent. Although colonizers justified their 'scramble for Africa' as a desire to end slavery once and for all, in most cases the true motivation for colonization was most likely the hunger for African resources. During the Berlin Conference of 1884-1885, thirteen European powers discussed Africa's future and began the process of carving up the continent with no regards to local culture or ethnic groups. The African colonial boundaries decided upon in Europe cut through at least 177 ethnic 'culture areas', dividing pre-existing economic and social units. Mahmood Mamdani, of the Institute of African Studies at Columbia University, stated: "*No colonial power is going to succeed unless it's going to play on existing divisions and sharpen them, increase them, exacerbate them.*" *(David, 2011).*

The most prominent colonizers in Africa were Britain, France, Germany, Belgium, Italy, Portugal and Spain. Grier (1999) found that the British colonies performed significantly better on average than their French and Spanish counterparts. They followed a somewhat different approach, with Britain the leader in settler colonization, while Belgium (or King Leopold) was clearly doing exploitation colonization, notably in the Congo.

It should be noted that Britain, most of the time being the first in the colonial race enjoyed a "first pick" of areas to colonize, which probably led to a selection of settler friendly areas to start with. There may therefore be a selection bias in our attempts to link the origin of the colonizer and subsequent development. Britain, which normally is rated highest as colonial power, may simply rate so high because they could select the most promising places to colonize. Therefore it can be interesting to focus on comparison among countries which are otherwise similar, as I try to do in my selection of countries. But it also should be noted that with such a small sample of countries, six in all, the analysis is more vulnerable to 'accidents of history' influencing the outcome and seemingly producing a trend where there is none or covering over a real one.

3.2 Settler vs. extraction colonies

According to the institutional school, Europeans adopted very different colonization policies in different colonies, which subsequently resulted in differences in the way the colonies were managed and treated. The two dominant methods of colonization were settler and exploitation colonialism. The classification, as the names surely point to, is based on the idea of settling new lands for emigrants from the colonial power (and sometimes from other selected countries) while the latter was all about extracting resources from the country being colonized, be it slaves, ivory, timber, gold, diamonds or other such valuables. But even in settler colonies there was also a clear expectation that the colony would supply natural resources and commodities to the home country for trade, processing or consumption (Krieckhaus, 2006).

Acemoglu et al. (2001) came to the conclusion that where Europeans faced high mortality rates, for example due to malaria or other such tropical diseases, they were more likely to set up extractive institutions and that these early institutions persisted and formed the basis of current institutions. These institutions were designed to explicitly maximize the revenue that could be collected from the colonies rather than to encourage economic or social development (Weil, 2009). Where mortality was low, on the other hand, and exploitation of resources required substantial efforts by colonists, long-term settlement followed by favorable institutions were far more likely. (Todaro & Smith, 2009).

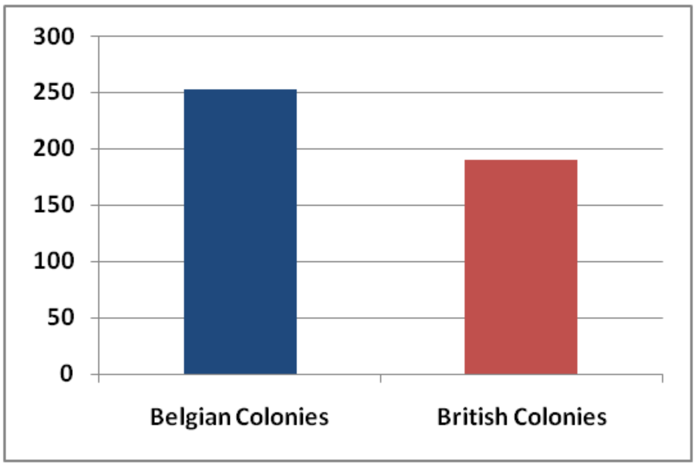

Figure 2: Settler mortality rate per 1000 per year
Source: AJR (2001), Easterly & Levine (2003), Viljoen (2007)

As Figure 2 indicates, settler mortality rates were significantly higher in the three Belgian colonies than in the British colonies in my sample. According to Acemoglu et al. (2001), these settler mortality rates would indicate that the Belgians set up extractive institutions while the British favored settlement in the Great Lakes region.

3.3 Political and economic institutions

Þráinn Eggertsson stated in his book *Imperfect Institutions* (2005) that the root cause of poverty and underdevelopment are imperfect social institutions and that "*poor countries lack social institutions that are necessary complements of modern production technologies*". The European colonizers that decided to settle in a colony tried to replicate effective European institutions (Acemoglu et al., 2001). These institutions, as was stated earlier, put more emphasis on private property rights and less distortionary policies, which in turn increased investment in physical and human capital, including key infrastructure designed for a resident population. These institutions also restricted coercive and fraudulent behavior, constraining the power of elite and provided checks against government power. These factors, and many others, lead to a more efficient market economy, which in turn can aid countries in achieving a greater level of income (Todaro & Smith, 2009). If, as we make the case for, different colonial powers practiced different colonial approaches and built different colonial institutions, it is therefore not surprising that the identity of the colonizer later would have affected the economic growth and development of a colony.

3.4 Belgian colonialism in Congo, Rwanda and Burundi

The European exploitation of Africa possibly reached its heights in the Belgian colony of the Congo. When Leopold II was crowned king of Belgium in 1866, he desperately wanted a colony. In November 1877, Leopold wrote: "*We must obtain a slice of this magnifique gâteau africain"* (Reader, 1998). He privately financed this quest, out of his considerable personal fortune, because the majority of the Belgian population was opposed to such a project. In 1885, Leopold II became the King-Sovereign of the newly created Congo Free State (Etat Indépendant du Congo).

Leopold II inherited this colonial obsession from his father, Leopold I, who reigned over a nation which industrialized rapidly and was the most densely populated state in Europe by 1845. Due to his fears of social unrest, Leopold I pursued his colonial ambitions independently because the Belgian government did not share his enthusiasm. Leopold I, for instance, tried to purchase the islands Crete and Cuba and Texas offered the king two large tracts of land in return for a $7 million loan, but the US government eventually protested. In all, King Leopold I made fifty-one attempts to found a colony during his reign, none that were successful. When Leopold II became King of the Belgians, he continued with his father's colonial ambitions (Reader, 1998). Ironically, part of his answer was provided by a colonial competitor.

In Britain, Naval officer Verney Lovett Cameron was appointed by The Royal Geographical Society to take leadership of the Society's Livingstone East Coast Expedition after Livingstone himself took ill. After the expedition, Cameron was quoted in *The Time* saying:

> *The interior is mostly a magnificent and healthy country of unspeakable richness. I have a small specimen of good coal; other minerals such as gold, copper, iron, and silver, are abundant; and I am confident that with a wise and liberal (not lavish) expenditure of capital, one of the greatest systems of inland navigation in the world might be utilized, and in from thirty to thirty-six months, begin to repay any enterprising capitalists that might like to take in hand… (Reader, 1998)*

A subscription of the copy of *The Times* reached Leopold each morning so Leopold undoubtedly read Cameron's account in the newspaper. Soon after, Leopold declared that he would finance a crusade for the suppression of the slave-trade and the enlightenment of Africa. The colony he was able to get his hands on was, however, not the land identified by the British, but the enormous land mass around the Congo river, ranging from the ocean in the west to the "roof of Africa" in the Great Lakes region. During the Geographical Conference of Brussels, held in September 1876, Leopold addressed the conference with these words:

> *Gentlemen….The subject which brings us together today is one of those which deserves to take a leading place in engaging the attention of the friends of humanity. To open up to civilization the only part of our globe which it has not yet penetrated, to pierce the darkness in which entire populations are enveloped, is, I venture to say, a crusade worthy of this age of progress…..Need I say that, in bringing you to Brussels, I have not been influenced by selfish views. No, gentlemen, if Belgium is small, she is happy and contented with her lot. I have no other ambition than to serve her well…. (Reader, 1998)*

"*The Brussels Geographical Conference was an outstanding success for Leopold II, bringing him international recognition as the humane leader of a crusade to bring civilization to Africa."* (Reader, 1998). Nevertheless, the creation of the Belgian colony was followed by a genuine policy of exploitation based on forced labor used to extract rubber, Leopold's single most profitable export (Lugan, 2003). "*Probably the most extreme case of extraction was that of King Leopold of Belgium in the Congo*" (Acemoglu et.al 2001). Demographers today estimate that from 1880-1920, between five and ten million Congolese natives, or roughly half the population, died as a result of colonial brutality (Weil, 2009). Leopold's predatory companies robbed the natives of their riches and his agents cut off hands and burned villages to force the inhabitants to deliver their resources to him (Dowden, 2008). This treatment of Congolese natives provoked the anger of other colonials, who protested against the colonization strategy of King Leopold II. Finally, in 1908, Leopold handed over control of the Congo to the Belgian state in return for £3.8 million (Lugan, 2003).

Even after power was handed over to the Belgian authorities, the forced labor system continued. During World War I, tens of thousands of Congolese natives were recruited as porters for the Belgian army. Only when the Belgian colonial authorities realized the Congolese population was dropping rapidly did the forced labor system in Congo change (David, 2011). Another issue that highlights the exploitative nature of the colonization strategy of Belgium is that by 1958, no more than 10.000, out of a population of 13.5 million, were attending secondary or vocational training schools. Furthermore, until 1956 no Congolese native had received a university degree from Europe (Soderlund & Briggs, 2008).

The last territory of Africa to be reached by European colonizers in the late 19th century was the highlands of Rwanda and Burundi. Germany colonized Rwanda in 1897 and at the same time claimed Burundi, a separate kingdom to the south. This entire area was known as a single German colony called Ruanda-Urundi. Germany ruled this inaccessible colony in a more indirect manner than others by placing agents at the court of the various local rulers. In 1916, Belgian troops ascended on Ruanda-Urundi from the Belgian Congo and occupied the Germany colony, and eventually took over the country in 1924 under a League of Nations mandate (Gascoigne, 2001).

German officials in Ruanda-Urundi were less than 100 in number in 1914. This meant that absolute rule did not come easily to the Germans and they found themselves compelled to create a simple hierarchy through which they could rule. The German colonizers also removed checks and balances and replaced fluid Rwandan institutions with a centralized, tiered power structure. Indications are that Germany had realized that their management approach was not working and were planning to move to a system more similar to that of Britain in Uganda, but World War I intervened and subsequently they lost the African colonies (Chrétien, 2006). The Belgians continued with this unfortunate stratification of the Ruanda-Urundi society. They favored the Tutsi minority ethnic group and by 1929 forty-three out of forty-five local chiefs were Tutsis. Furthermore, the Belgians introduced feudal practices and land, instead of being held by the people and supervised by the chief, was gifted by the Belgian king to certain chiefs, thereby introducing highly contested property rights. To further exacerbate the stratification of the society, the Belgians forced everyone in Ruanda-Urundi to carry a racial identity card identifying them as Hutu or Tutsi (Gascoigne, 2001). While Rwanda and Burundi were not ruled with the same formal extraction motive as the Congo they were not either developed in any way as settler colonies, but became more of an attachment to the larger Congo colony to the west, but still expected to deliver commodities such as coffee to Belgium.

3.5 British colonialism in Kenya, Uganda and Tanzania

Britain cut the largest piece of African cake, from Cape to Cairo, and had a vast colonial presence in East Africa. In 1888, the Imperial British East Africa Company (IBEAC) established claims to British East Africa, present-day Kenya, and transferred their claim to the territory over to the British crown in 1895. During that time, British colonizers also established a presence in the sultanate of Zanzibar and the kingdoms of modern-day Uganda, the most famous being Buganda. After World War I, during which the Kenya Crown Colony and German East Africa (Tanganyika) fought each other in a proxy of the European war, Britain gained control over Tanganyika (Tanzania) under a League of Nations mandate.

The British colonial presence in Sub-Saharan Africa cannot, in the strictest sense, be classified as pure settler colonialism of the type practiced, for example, in North America and Australia. Nevertheless, the British model of colonialism in the Great Lakes region was far less extractive than the Belgian model and a significant number of settlers immigrated to all three British colonies studied in this thesis, with Kenya the clear leader in such settler activity. The Kenyan highlands were actually identified as a priority settlement area for members of the British establishment and the city of Nairobi was built from scratch as a settler city in the Kenyan highlands. The settler areas in all three countries became significant producers of coffee, tea, sugar, palm oil and cashew nuts all produced by settler farmers. Ivory, on the other hand, was an export commodity that can be seen to fit into either an extraction or settler mode of colonization. The British used mainly a system of indirect rule, where African kings and chiefs stayed on to run local affairs in traditional ways. While the pre-colonial leaders were able to maintain political and legal power over their subjects, they also had to strictly follow the imperial policy of the British Empire and pay taxes to the colonial administration (Lange, Mahoney, & vom Hau, 2006). Given the fact that British flexibility allowed colonies to adopt the institutions that best suited their society, it is not surprising that the former British colonies are generally found to have performed significantly better in the postcolonial era (Dowden, 2008).

Uganda, which Churchill described as Africa´s garden of Eden, due to its climate and green scenery, had a smaller settler influx than Kenya, but of notable size nevertheless. Tea and sugar cultivation was a significant settler-led economic activity – with coffee and tea playing a similar role in Kenya. In both countries a sizeable group of settlers came not from the colonizing country, Britain, but from another colony, India. This group over time became the business elite in all three of Britain´s East African colonies. As the Belgian´s in Rwanda and Burundi, Britain worked with and favored certain tribes for participation in the colonial administration in Kenya and Uganda, but less so in Tanzania, which lacked an obvious choice tribe. While this favoritism was less clear than the Belgian one in Rwanda and Burundi, and tempered with the flexibility of administration mentioned above, it may well have contributed to subsequent tribal animosities between Acholi and Lango on one hand and Baganda on the other in Uganda, and between Kikuyu and Luo/Luhya in Kenya to take examples.

In Tanganyika (later Tanzania) settlers produced coffee, tea, sugar, cashew nuts and, as the speciality in which the colony became a major world producer, sisal. Due to the old German influence, a notable share of settlers were of German origins and through this business connections of a different type were established. Interestingly for a British colony most of its coffee was exported to Germany (and still is). Settlers maintained certain German links including a cultural remnant, the Deutsche Usambara Stiftung, built around German colonization of the Usambara mountain range, and early German engagement in the preservation of the Serengeti ecosystem, where the research part is still a Tanzanian, German cooperation. It can be noted that the first railway line built in the country was built by Germany and ran from Dar es Salaam on the coast, through the sisal production belt and to the coffee and tea highlands around Mount Kilimanjaro, that is through areas of settler activity and still probably the most prosperous part of the country. Furthermore, as Germany had mobilized a sizeable army in Tanganyika to fight in the Africa offshoot of World War I (against soldiers mobilized by Britain in the Kenya colony) certain affinities remained (when the German commander returned 20 years later he was carried through Dar es Salaam on the shoulders of his old soldiers and given a heroe´s welcome) (Chrétien, 2003).

4 Economic progress and status before independence

The European economic influence in Africa started long before the formal colonization of the continent. Many scholars have estimated that between 10 and 15 million slaves were exported from Africa through the Atlantic trade. Not only was this a psychological blow to the African people, it also had severe economic effects seeing as the majority of the slaves exported from Africa were young, healthy men who would have been the main providers for their family (Rodney, 1973).

While the politically correct public aim of the colonization of Africa was the eradication of slavery, in most cases the very apparent and true goal was to enrich the European imperial powers. To achieve the wealth they desired the colonizers exploited the natural resources of the colonized territory and geared the African economies towards exporting raw materials, notably under the extraction mode of colonization. In parallel they sought to establish a foothold and cement their influence in the area, plus relieve internal pressures (e.g. in Ireland) by establishing settler colonies. The British-Kenya colony was in some ways an oddity as it was, due to its beauty and good climate, earmarked for gentleman-settler colonization. In all these endeavors, Europeans established national boundaries in sub-Saharan Africa without much regard to natural borders or cultural differences. This separated populations from their supplies of food and natural resources and created ethnic and religious cleavages.

The political systems established under colonial rule did to some degree echo traditions from the colonial power, but with some quirks that sometimes seemed to reflect nothing more than the tastes of the current local colonial administrator. The relations between the colonizer and various ethnic groups was similarly without much concern for local history or ethnic realities, sometimes creating new relationships that would later become highly poisonous, famously observed in the case of Rwanda and Burundi, but also to lesser degree in Uganda and even in Kenya.

Infrastructure was always developed to some degree under colonial rule, but with different characteristics for settler and extractive colonies. In the former there were attempts to link settlements by roads and rail, while in the latter the emphasis was on rail links or river transport between the source of extraction and an export facility. Similarly settler colonies would exhibit higher interest in education and health, partly for the simple reason that the settlers needed such facilities and partly because they over time became more sensitive to the conditions among the indigenous population.

In my sample of countries, the economic status of the British colonies was somewhat better than of the Belgian colonies, reflecting the differences in approach – but without excluding the possible selection bias mentioned earlier.

4.1 Economic status of the Belgian colonial states

The three Belgian colonial states I have selected for the analysis, and most notably the Congo, were significantly marked by elements of extractive colonization. European settlement was not as extensive as in many other African colonies, even though the highlands of the Eastern Congo, Rwanda and Burundi were just as conducive in terms of climate as Uganda and Kenya. The Congo, in particular, became associated with enormous riches of natural resources, the exploitation of which still continues. Furthermore, administrative decisions linked to different ethnic-economic background later turned out to be very fateful, notably the favoring of members of the Tutsi ethnic group in Rwanda and Burundi by the German, and subsequently Belgian colonial powers.

With the arrival of the European colonizers in Africa, the natives witnessed the first physical evidence of a new economy in the form of road, rail and telegraph construction. While this could be considered an increase in the economic development of the colonies, it was mostly a by-product of activities intended to promote the interests of the colonizers. Transport and communication were logistically necessary in occupied areas so the colonizers could efficiently exploit the territory (Rodney W. , 1985). Though the railroad proved to be an economic asset to the Congo, the human cost was nevertheless tremendous. Africans working on the construction of the railroad – 250 kilometers of narrow-gauge railway between Matadi and Léopoldville – died at a rate of 150 a month (out of a workforce of 2000).

The combination of European capital with coerced African labor produced great wealth, which provided Europeans with an increased level of consumption. The colonization of Congo, however, was not quite so lucrative at first. By 1885 Leopold had spent a total of about 11.5 million francs he withdrew from his own personal fortune. Furthermore, the first decade of the Congo Free State's were lean years and not much revenue was produced. Leopold narrowly avoided bankruptcy thanks to government loans and a significant increase in the exportation of rubber. The invention of the pneumatic tire, which increased the demand for rubber drastically, transformed the financial standing of the Congo Free State – or rather, transformed the financial standing of Belgium. The annual revenues of the Congo Free State jumped from 60.000 pounds in 1890 to more than 720.000 pounds in 1900. Leopold II used a large part of the wealth, generated through the forced exploitation of rubber, copper and other minerals, for the embellishment of his native country. The magnificent Arcade du Cinquantenaire in Brussels, the famous Tervuren Museum, extensions to the Royal palace, public works at Ostend, various urban building schemes – all were funded by the Congo Free State (Reader, 1998). After the Belgian government took over the administration from King Leopold II in 1908, the exploitation of the Congolese natives continued in a far less severe manner (Rodney W. , 1985).

Colonialism confined the Belgian colonies to the production of primary goods for export. Furthermore, the colonies were completely dependent upon the European powers for manufactures and technology and the local retail markets were increasingly submerged with a variety of expensive foreign goods. Despite the economic progress achieved, it had little effect on the living standards of the natives, seeing as they produced what they did not consume and consumed what they did not produce (Rodney W. , 1985).

During the Second World War, with Belgium overrun by German forces, the Belgian Congo achieved some degree of independence in the sense that it was not controlled directly from Europe. The demands of the war made the Congo a fairly profitable economy and by 1959 the Congo was producing 9 percent of the world’s copper, 49 percent of its cobalt and 69 percent of its industrial diamonds. However, the Belgian Congo’s contribution to the war effort imposed huge demands on the Congolese population and every African male was stipulated to work at least sixty days per year through forced labor. Despite the apparent economic progress made during the Second World War, the economic gains did not reach the indigenous population. By 1959, only 136 indigenous children has completed their full secondary education and only three Congolese held posts in the top three grades of the civil service that year out of a total of 4.875 posts. Furthermore, there were no Congolese doctors, lawyers, army officers, or secondary-school teachers.

The smaller Ruanda-Urundi area, which formally came under Belgian administration after World War I, were far less important in terms of natural resources but became good sources of commodities, such as coffee. Nevertheless, Ruanda-Urundi was considered to be fertile, rich in cattle, and 'favorable for white colonization' and the Belgians were determined to use the territory as a pawn to gain profit elsewhere. The League of Nations mandate stipulated that colonizers should govern and develop their territories until the countries were able 'to stand on their own feet in the arduous conditions of the modern world'. Belgium had its hands full with Congo and had no interest in developing Ruanda-Urundi, but rather to exploit the region for their own benefit. Belgium, however, did not manage to trade the Ruanda-Urundi for another territory and the two small countries became economically subservient to the Belgian Congo. The high population densities made them a valuable labor pool for the copper mines in Katanga, Congo.

While there might have been an opportunity for a more benevolent administration, the colonial traditions of Belgian Congo probably colored the way these were administered, more than would have been appropriate. It is notable that Tanzania, which came under British administration around the same time, took a different path, e.g. in terms of inter-ethnic relations and has remained peaceful during its independence.

4.2 Economic status of the British colonial states

Although the British did not develop a universal theory of colonialism, Britain did approach colonial administration with more flexibility and less dictatorial tendencies when compared to Belgium or France. The local administrators were given authority to deal with situations depending on local conditions.

Even though the economy of East Africa at the turn of the century was largely disorganized, the sector of the economy that seems to have flourished was commerce. This sector was led by the Indian immigrants, facilitated by the railway (which drastically lowered the cost of transporting goods) and was sustained by the sharp increase in rubber demand and price. The indigenous population owned most of the fertile land In Uganda, and to a lesser extent in Tanganyika, and land was held communally. Although British colonizers owned most of the land that contained mineral and timber resources, such arrangements had little adverse effect on the local agricultural communities. In Kenya, the indigenous population owned some land, but most of the fertile lands were alienated for European settlers. The same happened in the other two countries, but to a much lesser degree.

Although British colonizers provided some economically beneficial infrastructure during their time in East Africa, it was not as useful for the indigenous population as it could have been. Instead of constructing roads and railways that opened up the country in general and promoted the economic development of the area, these infrastructures were provided to facilitate the economic and social interests of settlers, including exploitation of the resources of the colonies. Furthermore, the British Empire, and in general all colonizing powers in Africa, neglected to promote the industrialization of their colonies. As Kaniki (1985) pointed out, "*simple and basic items such as matches, candles, cigarettes, edible oil, even lime and orange juice all of which could easily have been produced in Africa were imported*". This meant that these African countries were turned into markets for the consumption of manufactured goods from the metropolitan countries and producers of raw materials for export.

In spite of these market restrictions in the British colonies, they seem to have been administered with more flexibility and the British seem to have left their colonies better endowed than the Belgian ones.

> *There is no doubt that the British bequeathed a better trained, numerically larger and more experienced bureaucracy to her colonies than the French, while the record of the Belgians and the Portuguese is the worst in this respect (Kaniki, 1985).*

5 Progress after independence

This section will describe how the three British colonies have progressed compared to the three Belgian ones. As mentioned earlier this description will provide the basis for a comparative analysis in the next chapter. While each of the countries has had its own development paths and peculiarities, certain trends do emerge from the description.

The former British colonies have enjoyed higher economic growth than the Belgian ones. They have also progressed better in human development, as shown by health and education trends and by their progress and status on the composite Human Development Index of the United Nations.

5.1 Belgian colonial states after independence

All three former Belgian Colonies - Congo, Rwanda and Burundi - have had a very mixed post-colonial history. While all have had some periods of calm and improved standards of living, they have become synonymous with ethnic strife, resource curse and the general hopelessness of Africa.

Congo has been largely marked by its natural resources wealth, from copper to diamonds to rare earth minerals to hardwood forests. It enormous size and vast rainforest have largely precluded any national linkage by road network, while very different ethnicity has been a contributing factor to internal conflict. Most notably Congo has been identified as the ultimate "cleptocracy", and its long time leader President Mobutu Sese Seko the ultimate corrupt African leader. In recent times its eastern part has been the stage for a low-intensity civil war, also fanned by foreign forces, which has over time evolved into Africa´s most costly in terms of life lost, at estimated 4 million (Rodney W. , 1985).

Among key events of political and economic history of post-colonial times are the Lumumba assassination and the Katanga war, Mobuto and Zaire in the Cold War, the eastern rebellion and Mobutu´s overthrow, the civil war, and the new scramble for Congo´s riches, notably the new Chinese influence. Consequently economic and social development in Congo (or Zaire as it was called for a significant part of its independence period) has been modest and the country has never become the African powerhouse its size, natural riches and location might have had it inspire to (Crowder, 1999).

Rwanda and Burundi have had similar history in many ways, largely marked by horrible ethnic strife between the Hutu majority and the Tutsi minority, present in both countries, and in both countries ending in civil war and ethnic cleansing, in three separate cycles, on an epic scale. In recent years Rwanda has made major strides in economic and social development, but at the same time distancing itself from its Belgian (French) past and bureaucratic tradition - and deliberately seeking to associate itself with the former British colonies of East Africa. The ethnic tension in the country still remains significant and the aftermath of three cycles of ethnic cleansing, most notoriously in the 1990s, still lingers. Burundi is still classified as a core post-conflict country, with a UN peacekeeping mission in place to maintain day-to-day stability. It has not made a formal break with its colonial past and economic and social indicators, therefore, continue to lag behind those of neighboring Rwanda (British East Africa, 2011).

5.2 British colonial states after independence

The three former British colonies – Kenya, Uganda and Tanzania - have on two occasions attempted to create a union among their countries, the second attempt still a work in progress, but an indication of a sense of community among them. Each has taken its own path to development. Kenya has followed a market-based economic model throughout, but has seen it run into difficulties through corruption and weak governance and through ethnic tensions. It has nevertheless remained the most advanced of the three in terms of economic progress, and is seen as a country with great potential, including the largest and best educated middle class among the three. Tanzania chose a very difference path, experimenting with a collectivist economic model (Ujamaa) and associating itself with such unusual allies as North Korea at a certain time, before reverting back to a market based system. But it has stayed ethnically coherent and peaceful and a remarkable example of nation building. From its basis in self sufficiency agriculture, it has started building an economy of commercial agriculture (coffee, tea, etc.), mining (gold) and tourism.

Uganda quickly after independence became mired in ethnic strife and horrible governance under, for example, Idi Amin, and a long and vicious civil war. Its economy was significantly hurt during these years, not least by the expulsion of its

Indian business elite, but was nevertheless able to produce sufficient food for its population throughout. Its invasion of neighboring Tanzania and the subsequent response by Tanzania, resulting in Idi Amin´s overthrow, was a milestone in its history, even though the civil war that followed claimed even more lives than the dictatorship of Idi Amin. It subsequently became a model for economic development under Yoweri Museveni, who had taken power as a leader of a rebel force, but has recently seen its success troubled by increased governance and corruption problems (British East Africa, 2011). Ethnic tensions between the north and south of the country still remain significant. The development of the north, which has a less hospitable, semi-arid climate, has been hampered by a long standing brutal insurgency (and probably neglect from central government). The economy has been diversifying into more sugar, flowers, fisheries and, for the future, oil.

Kenya was the most advanced at independence and has remained in that position. It has the most educated elite and was the first of the three to see the emergence of a middle class. Ethnic strife, rampant corruption and political tensions have, however, significantly tarnished its image, and for a while businesses were moving to Uganda where the business environment was seen as more conducive. Kenya is, however, a major producer of coffee, tea, flowers and fruits for export. Tourism is a significant contributor to the economy and Nairobi, in spite of security problems, remains an important regional hub and attracts businesses and international organizations.

The three countries have, in spite of different paths, moved along a reasonably similar path of economic and social development and their political cooperation is seen as one of the more progressive in the African continent (Human Development Index, 2010). Even when they have veered off course (Tanzania and its Ujamaa experiment, Uganda and its civil war, Kenya and its cleptocracy) they seemed to have the institutional strength to rebound and maintain a decent development path.

5.3 Summary of selected trend indicators post-independence

To sum up the progress in each of these six countries, and leading the way into the comparative analysis, it is perhaps worth while establishing how each of them has fared when measured on a few key indicators. Let us first look at income per capita. As Figure 3 indicates, Kenya has prospered the most post-independence, followed by

Tanzania and Uganda. Surprisingly, DRC comes in fourth, followed by Rwanda and Burundi. It is worth noting that the Congo starts off in the best per capita position. It may be that the production, being mostly of the extractive kind, it probably did not lead to any sustainable domestic growth, hence its fall in the rankings. The end result has each of the three former British colonies all significantly higher in national income than the former Belgian ones.

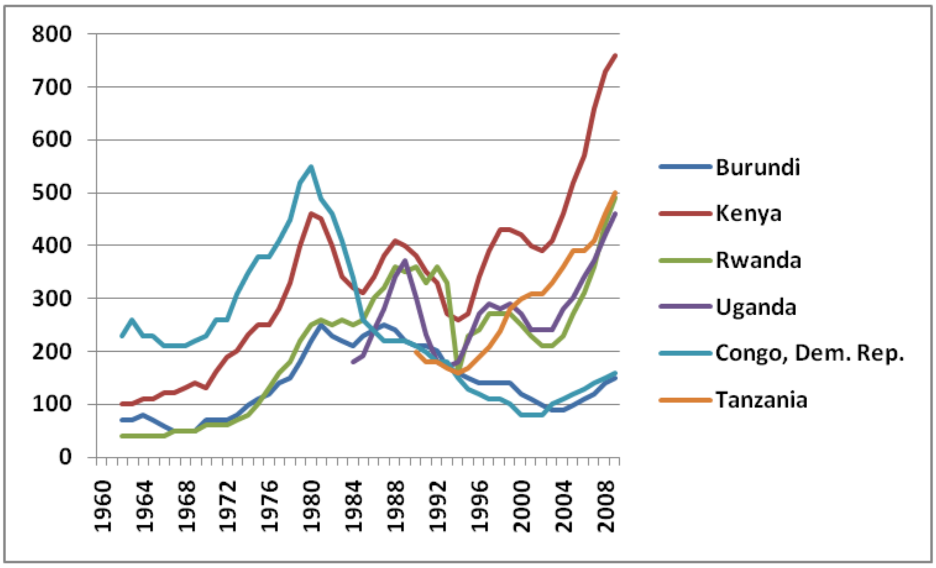

Figure 3: GNI per capita, Atlas method (current US$)
Source: (World Development Indicators, 2009)

Similarly to national income, the average years of total schooling has progressed the most in Kenya, as can be seen in Figure 4. Kenya is then followed by the two other British colonies, Tanzania and Uganda. The bottom three, when it comes to average years of total schooling, are the Belgian colonies DRC, Rwanda and Burundi.

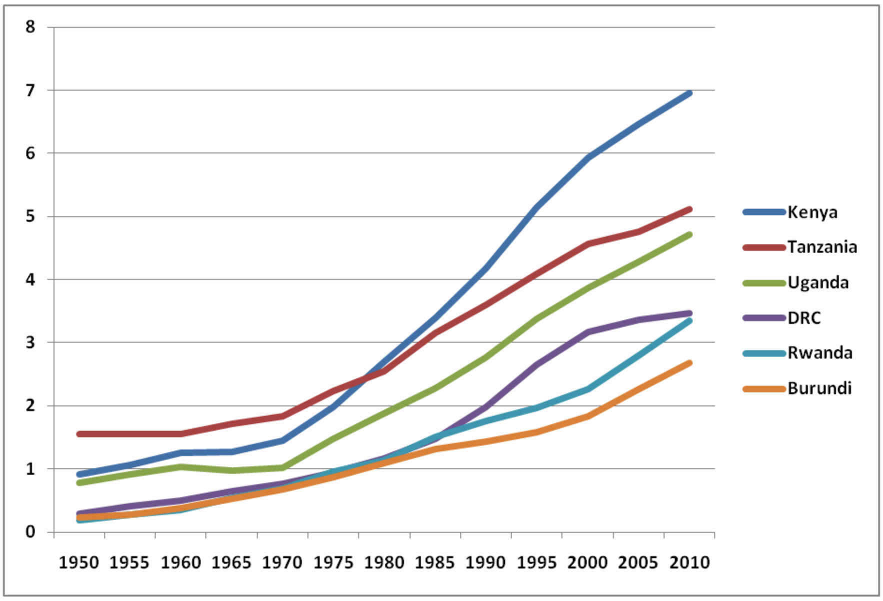

Figure 4: Average years of total schooling
Source: (Barro & Lee, 2010)

Following a similar pattern to the other economic and socio-economic indicators, the composite Human Development Index in Figure 5 shows that Kenya has progressed the most, followed by Uganda and Tanzania. It is notable that Rwanda takes a leap in the post-genocide years, as can be seen in Figure 5, and approaches the British colonies. It is worth noting, as was pointed out earlier, that the Rwandan leadership has openly advocated a different approach to governance and has associated itself with its East African neighbors. In many ways Rwanda has embarked on a process of "anglization", including declaring English as an official language alongside French and generally denouncing its francophone past. It is also worth pointing out that a significant part of the current leadership in Rwanda spent years in exile in Uganda and Tanzania, and several of them were not able to speak French when taking office. It is notable that both Uganda and Tanzania having dropped below the others for a period of time, while experimenting with African socialism/Ujamaa in Tanzania and Big Man Dictatorship and civil war in Uganda, but rebounded very quickly when abandoning these forms of governance experiments, again hinting at an underlying "institutional" strength, which has been linked to British colonial traditions.

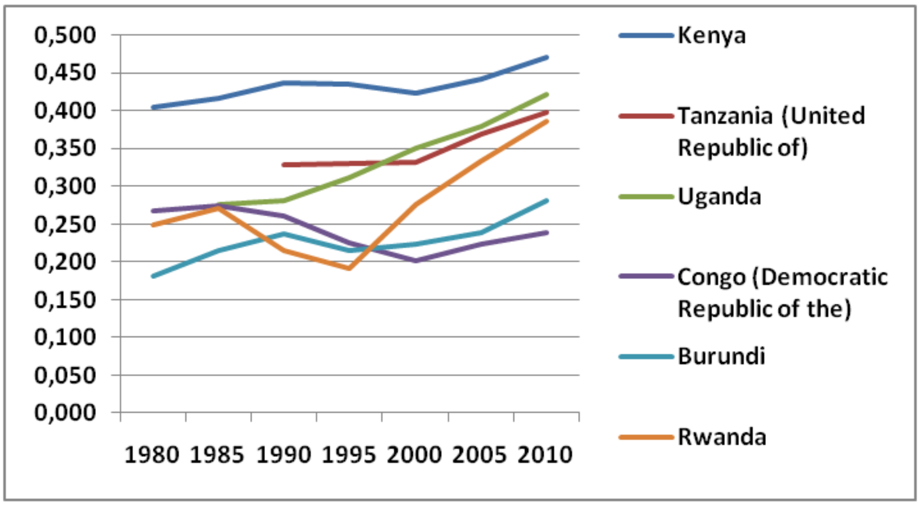

Figure 5: Human Development Index
Source: (Human Development Index, 2010)

6 Comparative analysis

In the previous section I compared certain aspects of development across the six countries to determine if their development trends had been notably different. In this section I will group them three and three and examine the difference between the group of three former Belgian colonies versus the three former British ones, to see if the two groups, identified by colonial metropolitan country, have diverged in post colonial time. Given how the British colonies individually outperformed the Belgian ones, the combined answer is likely to show notable differences. In figure six through twelve are key graphic presentations of these trends, based on data sets mainly from the World Bank, but also from the UN, including the Human Development Report.

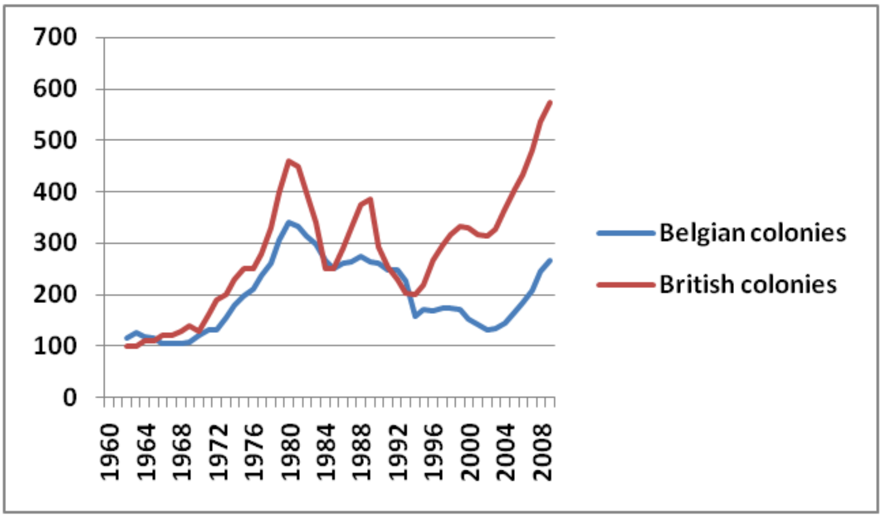

Figure 6: Belgian vs. British colonies - GNI per capita, Atlas method (current US$)
Source: (World Development Indicators, 2009)

The economic growth trends shown in Figure 3 in the previous section largely confirm the hypothesis that the origin of colonial power may have been an important factor for subsequent economic development. Not surprisingly, given the individual trends, the combined trend for the British colonies is much more positive than for the Belgian ones, as seen in Figure 6. It is interesting to note that the trends were similar for a long part of the independence period, the years when Tanzania and Uganda were experimenting with bad policies and practices. But their ability to rebound and that the difference in trend then becomes more apparent, would seem to support the thesis that different colonial powers left behind different "institutions", meaning legal, administrative and business rules, practices and networks, which would impact long term growth and development.

The difference is not only economic. Key socio-economic indicators also diverge. Figure 7 shows a good example: years of schooling. While the Belgian colonies do show a positive trend, and in the early years were closing in on the British colonies, the trend has diverged since and now more than 50 years after these countries started getting independence there is a striking difference in schooling between neighboring countries. Again the three British colonies line up at the top, with the gap growing rather than narrowing.

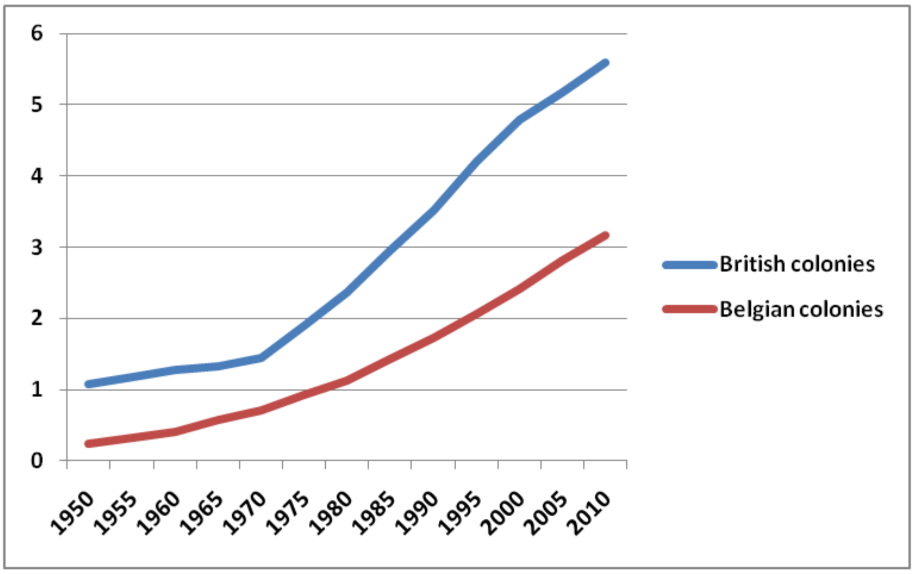

Figure 7: Average years of total schooling - British vs. Belgian colonies
Source: (Barro & Lee, 2010)

In the composite Human Development Index (HDI), Figure 8, the same trend gets repeated (as could be expected, as economic growth and education are important components of this index). In Figure 5, in the previous section, it was noted that Rwanda took a leap in the post-genocide years and approaches the British colonies and that the Rwandan leadership has openly advocated a different approach to governance and has associated itself with its East African neighbors. As noted earlier, Rwanda has in many ways Rwanda embarked on a process of “anglization”. This is a fact worth paying attention to, as it hints at an institutional break in Rwanda, compared to the other Belgian colonies. This shift may therefore indicate that promoting the institutional culture associated with British colonization over a Belgian one, may yield development benefits. Similarly, as stated earlier, it is notable that both Uganda and Tanzania dropped below the others for a period of time, while experimenting with African socialism/Ujamaa in Tanzania and Big Man Dictatorship in Uganda, but rebounded very quickly when abandoning these forms of governance experiments, again hinting at an underlying “institutional” strength, which has been linked to British colonial traditions.

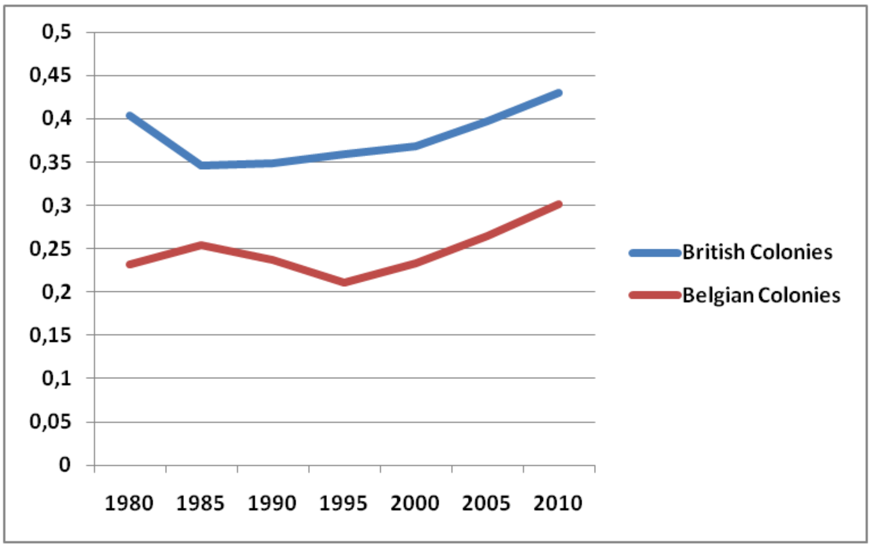

Figure 8: HDI - British vs. Belgian colonies
Source: (Human Development Index, 2010)

The Ibrahim Index, produced by the Mo Ibrahim Foundation and named after one of Africa´s most successful businessmen, assesses the quality of governance in Sub-Saharan Africa and ranks the countries accordingly. The index measures the delivery of public goods and services to citizens using 84 indicators grouped into four broad categories. These four categories are: safety and rule of law; participation and human rights; sustainable economic opportunity; and human development. Under these categories there are several subcategories, such as: rule of law; rights; infrastructure; and education. Of the many indicators that make up the index, much emphasis has been put on property rights, transparency and corruption, civil liberties and the quality of public administration, which makes this index very relevant for an exploration of the impact of institutions. The Ibrahim index is, however, a fairly recent initiative and therefore does not allow us to trace these elements over the post-independence period. As a snapshot of the status after approximately 50 years of independence it is of high value.

Figure 9 indicates that Tanzania has better governance than the other five countries in our subset of countries. Tanzania is then followed by Uganda and Kenya and Rwanda has the highest score when compared to the other former Belgian colonies. This further cements the hypothesis that the British colonizers left better institutions than the Belgians.

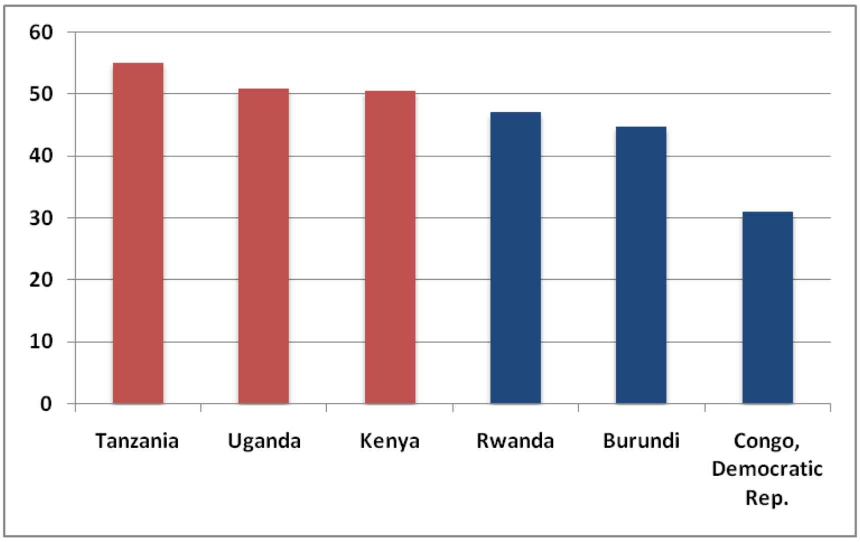

Figure 9: Ibrahim Index
Source: (The Ibrahim Index, 2010)

When the countries are grouped according to colonial power the difference is very notable as can be seen from figure 9.

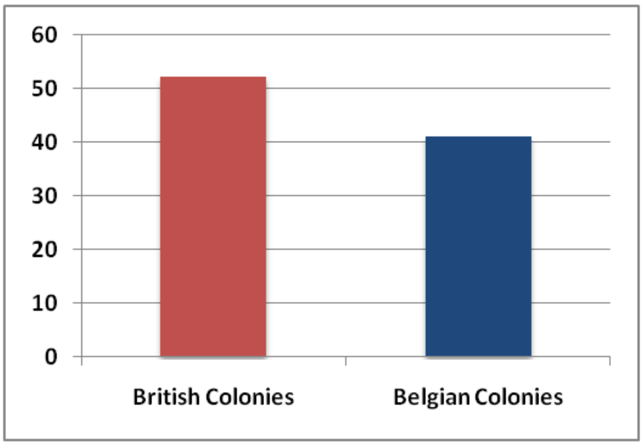

Figure 10: Ibrahim Index - Belgian vs. British colonies
Source: (The Ibrahim Index, 2010)

Another assessment with links to institutional quality, the World Bank CPIA (Country Policy and Institutional Assessment) rates countries based on whole range of policies and institutions, including property rights and rule-based governance, as a specific cluster, rating them on a scale of 1 (low) to 6 (high). This indicator assesses the extent to which private economic activity is facilitated by an effective legal system and rule-based governance structure in which property and contract rights are reliably respected and enforced (World Development Indicators, 2009).

Figure 10 illustrates that Tanzania and Uganda rank the highest when is comes to the property rights and rule-based based governance part of the CPIA. Rwanda, however, ranks higher than Kenya, which is then followed by Burundi and DRC.

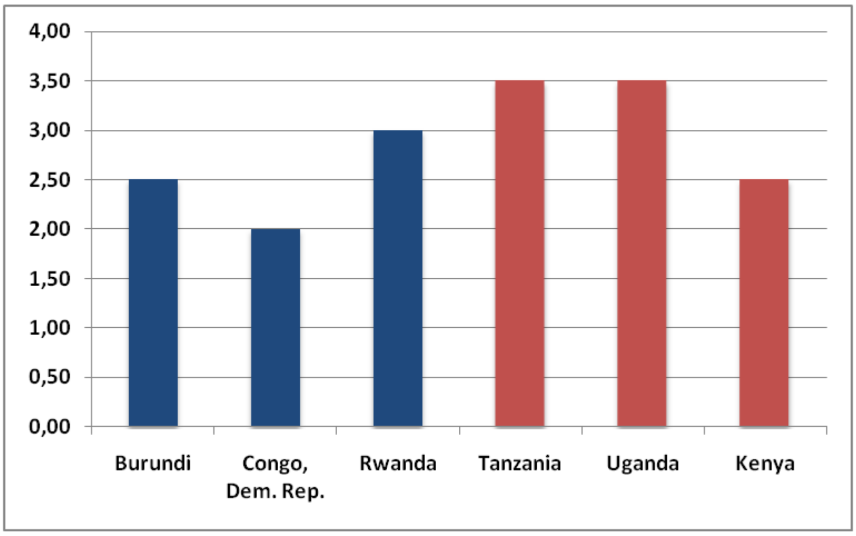

Figure 11: CPIA property rights and rule-based governance rating
Source: (World Development Indicators, 2009)

The relatively strong showing of Rwanda is based on fairly recent developments under a new government following the genocide in 1994, under which the government has made it an explicit goal to associate with the British East African countries and to break with its francophone past, including making English an official language alongside French. It will be interesting to watch whether a major institutional rearrangement can be achieved in a relatively short time through a vigorously implemented policy of institutional change.

In Figure 11 the Belgian colonies are aggregated into one group as well as the British colonies. Unsurprisingly, the British colonies fare better than the Belgian colonies, indicating yet again that the British colonizers produced better institutions than the Belgian colonizers. In that sense figure 11 may be seen as representing the core findings of the thesis.

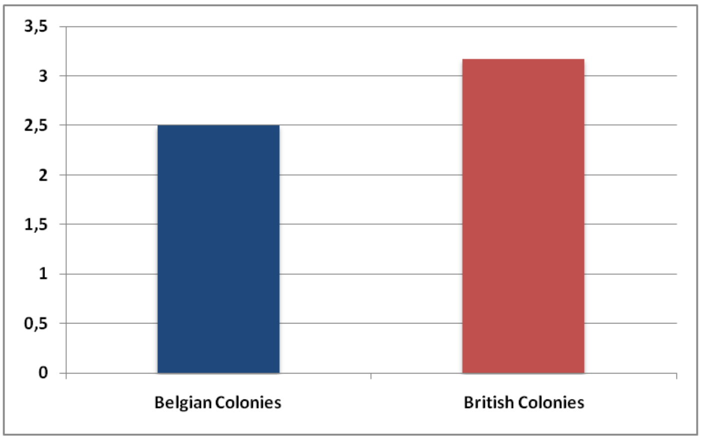

Figure 12: Belgian vs. British colonies
Source: (World Development Indicators, 2009)

A similar view, favoring British colonial rule as the best one, is voiced by Lange, Mahoney and von Hau (2006), in a paper comparing British and Spanish colonialism and finding that:

> *The identity of the colonizing nations explains variation in postcolonial development. For example, quantitative studies have found that the identity of the colonizer affects contemporary growth rates… and democratic survival"*

Box 1: Botswana's Economic Miracle

Botswana's remarkable economic growth in recent years has puzzled many economists. Botswana was the fastest growing country in the world from 1965 to 1995 and its average growth rate during that time was 7.7% per year. It is, however, a landlocked country in the middle of sub-Saharan Africa and should logically not be one of the fastest growing countries in the world; at least not according to the 'geography as destiny' hypothesis (Beaulier, 2004).

Acemoglu, Johnson and Robinson (2003) have linked Botswana's success to its well-functioning institutions. They propose the following factors as an explanation for Botswana's success:

1. Botswana possessed relatively inclusive pre-colonial institutions, placing constraints on political elites.
2. The effect of British colonialism on Botswana was minimal, and did not destroy inclusive pre-colonial institutions.
3. Following independence, maintaining and strengthening the institution of private property was in the economic interests of the elite.
4. Botswana is rich in diamonds. This resource wealth created enough rents that no group wanted to challenge the status quo at the expense of "rocking the boat."
5. Botswana's success was reinforced by a number of critical decisions made by the post-independence leaders, particularly Presidents Khama and Masire (Acemoglu, Johson, & Robinson, 2003).

Þráinn Eggertsson (2005) stated that these factors "made it possible for the government of independent Botswana to survive while building institutions for economic growth". After independence, Botswana lacked educated manpower to fill the necessary positions needed to fuel the development of the country. In a strategic, and perhaps unusual, move the government imported highly skilled, foreign-born civil servants and sought out technical advice from abroad. This the government did while giving much needed attention to the education of the locals (Eggertsson, 2005). Botswana's economic success further cements the importance of strong social institutions.

7 Conclusion

The six countries studied in this thesis were all colonized in the scramble for Africa, but under a different context with one group overwhelmingly colonized under the exploitation model of colonial rule, while the other one was colonized with significant elements of settler colonization (but also notable elements of the exploitation model). The three British colonies were incorporated into a British tradition for taking over and then running a colonial territory. An important part of this tradition was to encourage emigration from Europe to the colonies, as part of Europeanizing them and binding them to the colonial motherland. This brought with it a certain interest in developing the territory that had been colonized and building institutions that had some resemblance to those of the homeland.

The Belgian colonies, in contrast, were colonized under a different context, with extraction of resources the key reason and organizing principle in the running of the colonies. It seems clear that these colonies were left with a weaker endowment in terms of institutions at independence and this legacy had to be a candidate for explaining possible differences in economic and socio-economic development, the logic being that under an extraction colonization the colonizing power primarily contributes to the breaking down of social structures but contributes little to building something in its place. Under a settler colonization scenario there is at least some attention to the rebuilding, as the settler community needs a social structure to function. The defining condition deciding whether a colony would become a settler or extraction colony seems to have been whether mortality rates would allow Europeans to live and prosper in the area.

In exploring data about such developments it becomes clear that a difference has indeed emerged. The former British colonies exhibit better trends in the development of national income on the economic side and in education on the human development side and in the combined socio-economic human development index. The same trend is also observed in looking at indicators which are linked to institutions, such as the Mo Ibrahim Index and the World Bank CPIA ratings which assess such issues as rule of law and property rights. By and large each of the British colonies scores higher than any of the Belgian ones.

As explained in the section on data, these countries were selected because they share several characteristics in terms of geography, climate and culture. Through this selection I tried to neutralize to some degree the explanatory elements of two key schools of thought on why Africa has lagged behind, namely the ‘geography as destiny’ school often associated with Sachs and the ‘ethnicity/culture as destiny’ school often associated with Easterley and/or Serageldin, respectively. This allowed me to look at a third type of explanation, which could be called ‘institutions as destiny’, which claims that the quality of institutions can explain a large part, and possibly all, of cross-country differences in development.

I put forward a support for the hypothesis that the defining difference lies in the origin of colonization, the type of colonization associated with these differences in origin, and in the institutional structures and traditions this has left behind, as explained by Acemoglu and others. I am aware, however that the fact that Britain was the early colonizer it left them with a first pick, including the crown pick of Kenya. For that reason there could be a selection bias in the sample. But even when considering that, there is on average not a major difference in endowment (geography or culture) between the two groups of countries colonized by two different European powers.

The conclusion I reach, that the colonial heritage is an important determinant, is in line with those of several economists and historians, mainly of the institutional economics school, who have done economic modeling or historical analysis of the same phenomenon. None of them, however, seems to have explored these particular countries as a group for comparison.

When comparing the geography of the six Belgian and British colonies in East and Central Africa we find that Sachs’ explanation only offers a partial explanation, with malaria prone Tanzania doing better than high altitude Rwanda and landlocked Uganda doing better than the Congo. Some regression analyses, such as Acemoglu et al., do not find the Sachs explanation offering a strong case. Similarly they do not find the ethnicity/culture explanation convincing in itself (Engelbert and others). Both schools do, however, have certain linkages to the institutional chain of logic, as put forward by Acemoglu and others, in that high malaria areas typically led to the emergence of exploitation colonies, from which sprang a particular set of institutions. Similarly, different forms of colonization led to different interactions between colonizers and indigenous people, which may have influenced the emergence of institutions..

The core of the institutions as destiny explanation is that different colonial powers promoted different approaches to colonization and left behind different institutional cultures and capacities. Acemoglu and others claim, based on regression analysis, that the entire difference between countries in a large data set of countries and time line can be explained by this simple link between colonial power and the institutions it left behind. The limited exploration which I have made of six similar countries colonized by two different countries under different colonial management traditions would seem to confirm this theory.

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