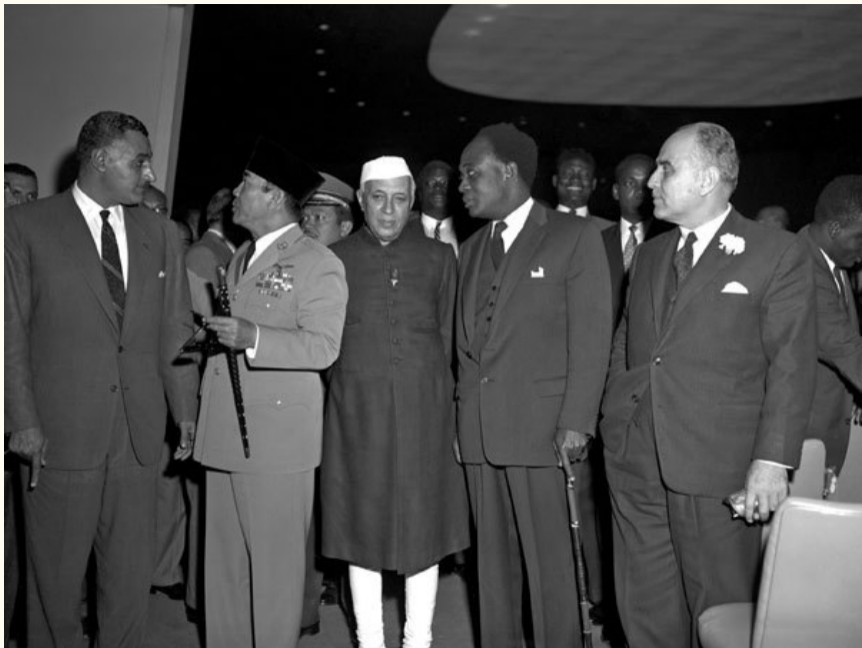


New Countries: Successes and Failures

Jesús Fernández-Villaverde¹

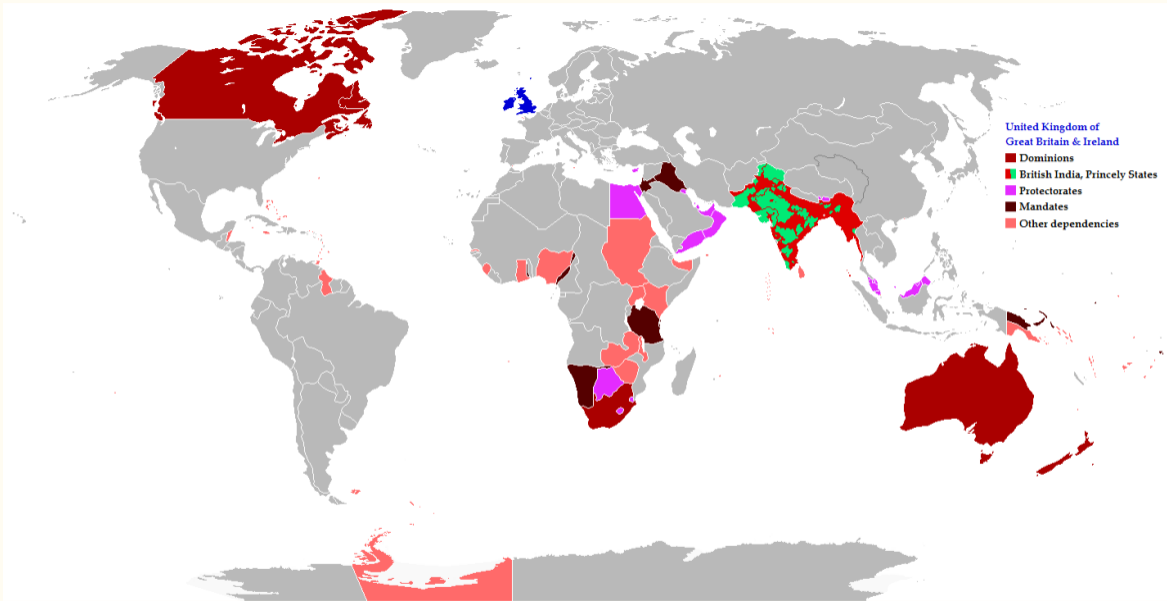
November 7, 2023

¹University of Pennsylvania



The end of European imperialism

- The end of WWII is also the end of European imperialism:
 1. Formal empires.
 2. (Largely) informal areas of influence.
- British empire will be the paradigmatic case. Relatively pain-free (although the British Raj partition causes tremendous suffering).
- More painful examples: France (Algeria, Vietnam) and Portugal (Angola, Mozambique).
- The Fall of the Soviet Union in 1991 is (mostly) the end of the last European colonial empire.
- The peculiar case of South Africa.



The sun sets down on the British Empire I

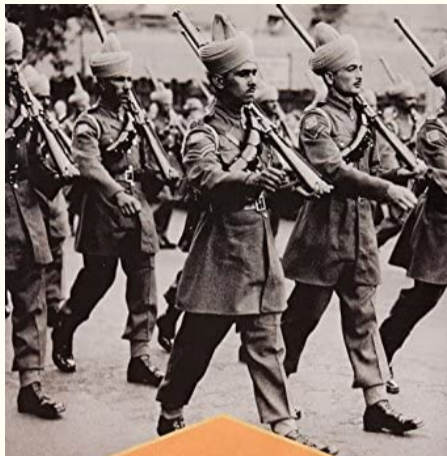
- Colonies of European settlement (Canada, Australia, New Zealand, South Africa) become progressively independent (Responsible government⇒Dominions⇒Commonwealth realms).
 1. In fact, it is hard to pin down an “independence day” for them.
 2. Case of Canada: British North America Act (1867), Statute of Westminster (1931), British North America (No. 2) Act (1949), or Canada Act (1982)?
- Ireland becomes independent in 1922 (and a republic in 1948) after a partition and a civil war.
- Between 1945 and 1965, the number of people under British rule outside the UK collapses from 700 million to 5 million (out of which 3 were in Hong Kong).
- Today, there are 14 overseas territories left with a population of around 265,000, with the majority living in the Caribbean Sea.



The end of the British Raj, I

- British rule in the subcontinent has been under increasing pressure from nationalists (Indian National Congress, All-India Muslim League).
- Already in 1935: The Government of India Act proposed the Federation of India.
- Elections of 1937.
- Troubles during WWII:
 1. Quit India Movement.
 2. Indian National Army.
 3. Famine in Bengal in 1943.
- Increasing conflict between communities (particularly in Punjab and Bengal).





YASMIN KHAN

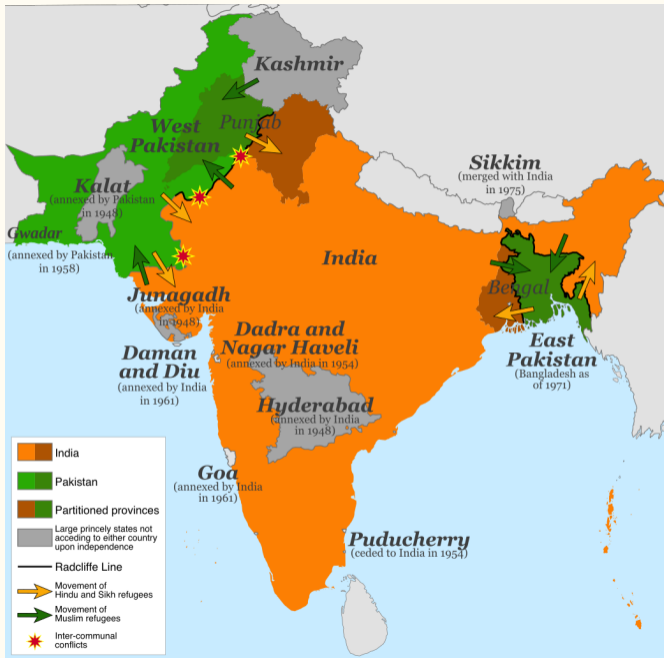
INDIA AT WAR

THE SUBCONTINENT AND THE
SECOND WORLD WAR

The end of the British Raj, II

- New elections in 1945 and 1946 show growing opposition against British rule and deep divisions among communities.
- The Labour government decides that they cannot keep India and agrees to its independence and partition (Radcliffe Line):
 1. August 14, 1947, Dominion of Pakistan (a republic in 1956, Bangladesh independent in 1971).
 2. August 15, 1947, Union of India (a republic in 1950).
 3. 1948: Dominion of Ceylon (the republic of Sri Lanka in 1962) and Union of Burma.
- Perhaps as many as 1 million deaths, 10 million people reallocated, four wars (1947, 1965, 1971, and 1999), plus ongoing skirmishes.





YASMIN KHAN
**THE GREAT
PARTITION**

The Making of India
and Pakistan

NEW EDITION

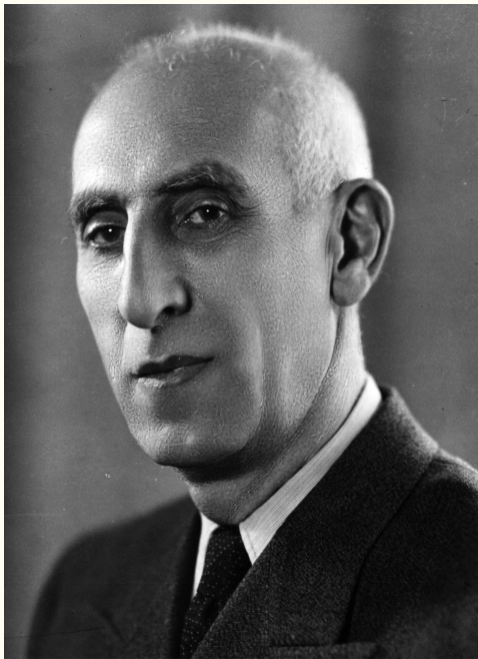
'A highly intelligent and moving
reappraisal of the Partition, weaving
together stories of everyday life
with political analysis.'

Soumya Bhattacharya,
Observer



Other colonies, I

- Most of the “supporting” colonies of the Raj lose sense (Cyprus, Oman, Aden, Suez Canal), and Africa, by itself, was more of a burden than anything else.
- Malayan emergency (1948-1960).
- Middle East is more complex:
 1. The British rather hastily leave the Mandate for Palestine in 1948.
 2. Iran: Nationalization of Anglo-Iranian Oil Company in 1951.
 3. Egypt: Suez crisis in 1956 after the nationalization of the Suez Canal.



My Uncle Napoleon

A Novel by
Iraj Pezeshkzad

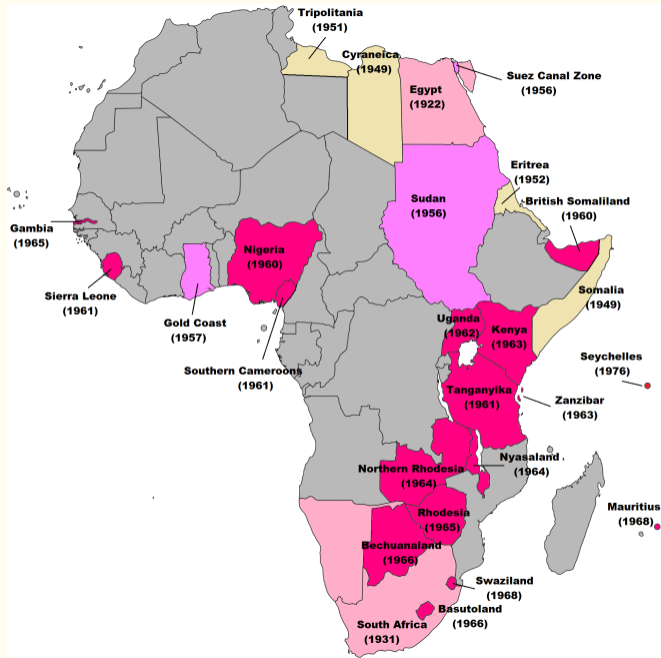
Translated by
Dick Davis







- “Wind of Change” by Harold Macmillan to the Parliament of South Africa, on 3 February 1960 in Cape Town.
- Rhodesia: Unilateral Declaration of Independence on November 11, 1965.
- Withdrawal of military presence “East of Aden” announced in 1968.
- Hong Kong returned to China in 1997.
- The future of overseas territories?





Reasons for decolonization

1. Increase in nationalism agitation.
2. Increase in financial problems in the U.K. and France.
3. Loss of interest among elites in the U.K. and (somewhat less) France. Special case of Portugal.
4. Pressure of the U.S.

L'ALGERIE EST FRANÇAISE

*L'histoire le veut, la Loi l'impose,
l'intérêt de la France comme de l'Algérie l'exige*

Porte du Sahara l'Algérie Française est la condition de l'indépendance énergétique et du développement économique de la nation, du progrès social, du destin de la jeunesse.

La Patrie est menacée. L'esprit de décadence, de démission, d'abandon est partout en œuvre, contre l'intelligence, contre le territoire.

Un engrenage d'idéologies, le communisme, les finances apatrides, des intérêts douteux, constituent le Système, contre lequel :

LE 13 MAI 1958

Le Peuple s'est dressé, pour sauver la Patrie en sauvant l'Algérie

Le Peuple a été trompé, l'Armée a été humiliée,

LA RÉVOLUTION A ÉTÉ TRAHIE

L'Algérie qui paraissait sauvée est à nouveau gravement menacée. Les mêmes forces de subversion, de trahison, de démission, les mêmes intérêts sordides s'acharnent à mutiler le patrimoine national.

Le Système et la direction du Parti Communiste se préparent à l'assaut final pour détruire **l'Algérie, l'Armée, l'Indépendance Nationale**

- La victoire politique du F.L.N. : *c'est la guerre permanente et généralisée*
- La perte de l'Algérie : *c'est la "democratie populaire" pour demain*

La fatalité historique n'existe pas.

Ce sont les hommes qui forgent leur avenir!

**LE SALUT PUBLIC EXIGE L'UNION DE TOUTES LES FORCES POPULAIRES ET NATIONALES
sans aucune exclusive, sans distinction de classes ou d'opinions.**

Répondant à la constitution du Front de l'Algérie Française Outre-Méditerranée, tous les Français doivent se rassembler au sein du

Front National pour l'Algérie Française

Le Comité Administratif du F. N. A. F.

Jean DIDES
Adjoint député - Conseiller Municipal de Paris
Pierre LEBLANC-PENAUD
Membre général du Bureau Exécutif de France

Jean-Marie LE PEN
Député de Paris - Président du F. N. A. F.
Georges SAUGE
Président du C. E. S. P. S.

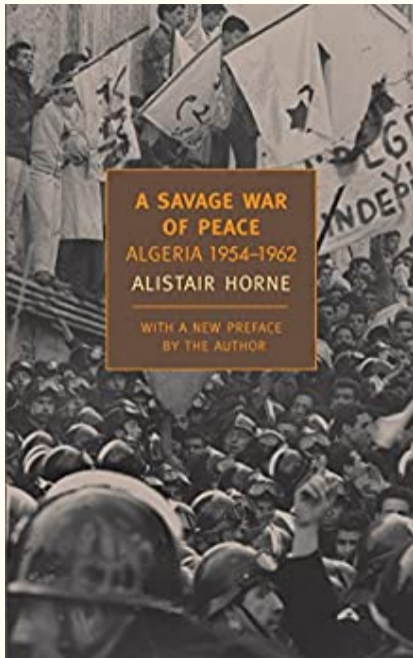
Colonel Jean-Robert THOMAZO
Député des Bouches-du-Rhône
Paul TROISGROS
Adjoint Conseiller de T. E. F.

Adhérez en masse au :

Front National pour l'Algérie Française

21, RUE FORTUNY - PARIS-17 - Tél. Wag. 36-70 - C. C. P. Paris 84 21-90

AIDEZ-NOUS DANS NOTRE COMBAT



72
BIENNIO INTERNAZIONALE
DI ARTE CINEMATOGRAFICA
DI VENEZIA 2012
LEONE D'ORO

LA BATTAGLIA DI ALGERI

UN FILM DI
GILLO PONTECORVO

VERSIONE RESTAURATA IN 4K



Surfilm

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Intellectual foundations

So, now you are an independent country

1. “New” countries must decide their economic policy.
2. Catching up with Western economies seems a priority.
3. Democracy is usually not a priority.
4. How do we develop a country?
5. Central role of economists.

The years of the high theory of development

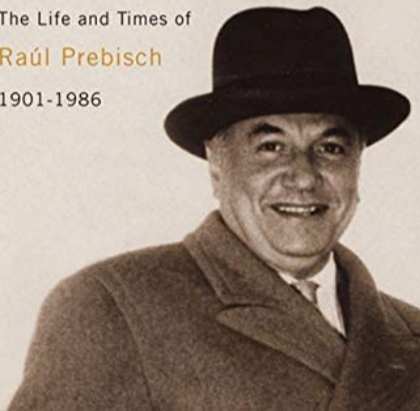
- Worsening terms of trade of primary commodities relative to manufactured goods: Raúl Prebisch (1901-1986) and Hans Singer (1910-2006) → Dependency theory and center/periphery.
- Big Push: Paul Rosenstein-Rodan (1902-1985).
- Forward and backward linkages: Albert Hirschman (1915-2012).
- Planning: W. Arthur Lewis (1915-1991).
- Skepticism: Peter Bauer (1915-2002).

Edgar J. Dosman

The Life and Times of

Raúl Prebisch

1901-1986

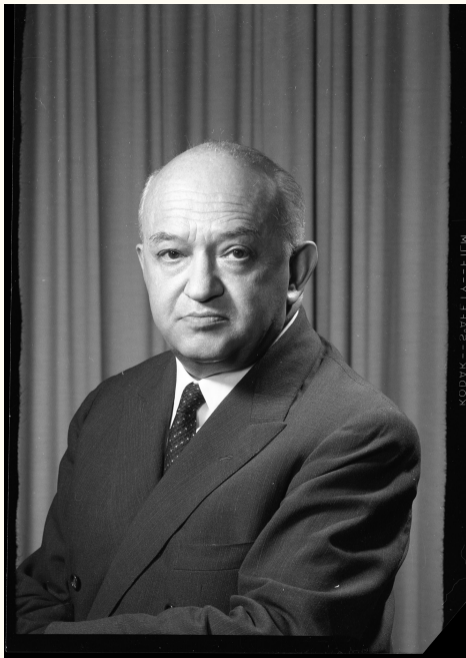


***THE ECONOMIC DEVELOPMENT
OF LATIN AMERICA
and its principal problems***

**ECONOMIC COMMISSION
FOR LATIN AMERICA**



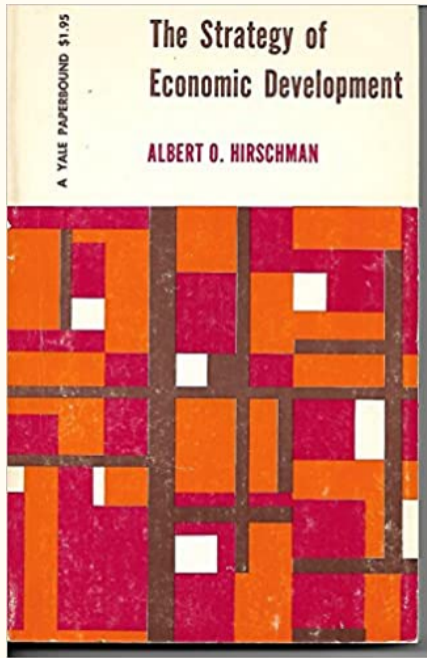
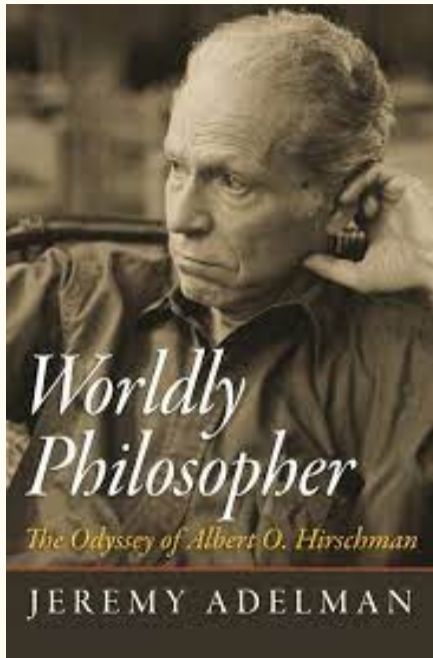
**UNITED NATIONS
DEPARTMENT OF ECONOMIC AFFAIRS
Lake Success, New York, 1950**

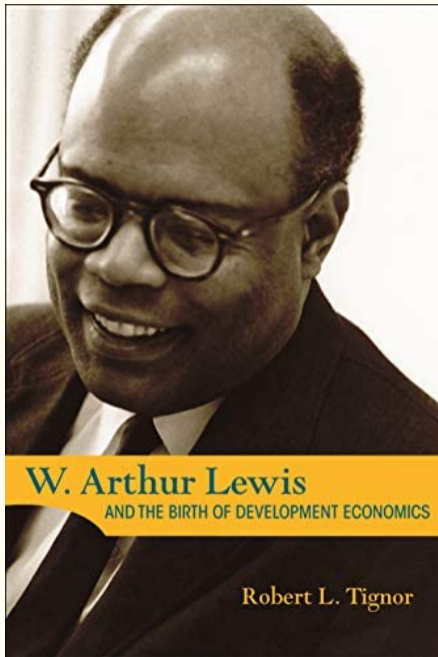


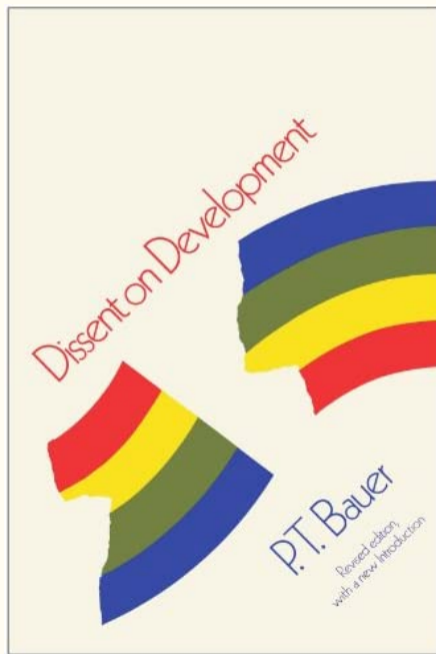
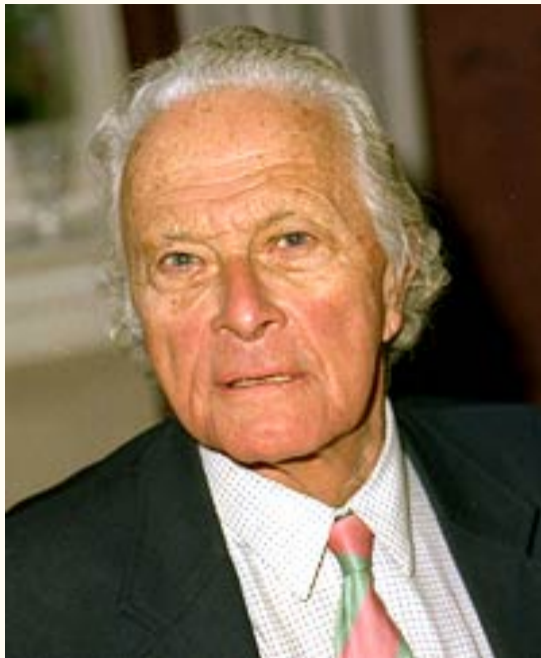
PROBLEMS OF INDUSTRIALISATION OF EASTERN AND SOUTH-EASTERN EUROPE.¹

"I should like to buy an egg, please," she said timidly. "How do you sell them?" "Fivepence farthing for one—twopence for two," the Sheep replied. "Then two are cheaper than one?" Alice said in a surprised tone, taking out her purse. "Only you *must* eat them both, if you buy two," said the Sheep. "Then I'll have *one*, please," said Alice as she put the money down on the counter. For she thought to herself, "They mightn't be at all nice, you know."—(*Through the Looking-Glass.*)

(1) It is generally agreed that industrialisation² of "international depressed areas" like Eastern and South-Eastern Europe (or the Far East) is in the general interest not only of those countries, but of the world as a whole. It is *the* way of achieving a more equal distribution of income between different areas of the world by raising incomes in depressed areas at a higher rate than in the rich areas. The assumptions in the case under discussion are: that there exists an "agrarian excess population" in Eastern and South-Eastern Europe amounting to 20–25 million people out of the total population of 100–110 million, *i.e.*, that about 25% of the population is either totally or partially ("disguised unemployment") unemployed. The waste of labour is by no means confined to rich industrial countries. It is considerably greater in poor agrarian countries. If the principles of international division of labour are to be applied, labour must either be transported towards capital (emigration), or capital must be transported towards labour (industrialisation). From the point of view of maximising the world income, the difference between these two ways is one of transport costs only, and may be assumed to be negligible. Emigration and resettlement would, however, present so many difficulties in immigration areas (and in emigration areas) that it cannot be considered feasible on a large scale. A very considerable part of the task will have







India vs. Singapore

- Leaders of the Indian National Congress deeply influenced by British Fabian socialism. Jawaharlal Nehru (1889-1964) has studied at Harrow School and Trinity College, Cambridge.
- Deep distrust of markets.
- Policymakers and legal scholars thought poor Indians could not make good economic decisions (Roy and Swamy, 2021).
- Legislation:
 1. Agricultural tenancy prohibited in many states: a tenant would always be exploited by a landlord.
 2. Private moneylenders are seriously curtailed.
 3. Interest rate ceilings.
 4. Forest-dwelling tribal people were restricted in their ability to transfer land to non-tribals.

Nehru at Harrow



- Set up five-year plans, but with more emphasis on indicative planning.
- Strong intervention, redistribution, investment in education (but often focused at tertiary level), and big infrastructure projects.
- License Raj: industry is highly regulated, and tariffs close market to imports. Case of the automobile industry after the 1952 Tariff Commission.
- “Hindu rate of growth” at 2.5%.
- Despite the abolition of the Zamindari system, agriculture is largely ignored for a long time: major crop failure in 1966.
- Oil shocks of 1973 and 1979 hurt India deeply: constraints in international borrowing.





Table 6.4 Long-run growth: annual growth rate in per capita GDP

	GDP per capita (% per year)
1870–85	0.5
1885–1900	0.8
1900–1914	0.8
1914–45	−0.0
1900–1945	0.2
1950–80	1.4
1980–90	3.0
1990–2000	4.1
1950–2000	1.9

Sources: 1870–1900: Heston 1983: table 4.5;
1900–2000: Sivasubramonian 2000: table 6.11.

Table 6.8 Capital formation and the public sector (%)

	Gross domestic capital formation as share of GDP	Share of the public sector	Saving rate
1850–51	5.0 [*]	2.24	—
1880–81	4.8 [*]	25.21	—
1900–1901	7.0 [*]	21.59	—
1930–31	6.3 [*]	31.95	(1930–39) 3.2
1940–41	6.7 [*]	19.81	(1940–46) 3.3
1961–65	17.7	43.20	(1960) 6.1
1981–85	20.8	51.40	(1980) 12.5
1990–95	23.7	38.40	(1990) 21.5
1995–2000	24.8	29.20	(2000) 24.0

* Ratio to gross national income in 1980–81 prices.

Table 3. *Sectoral growth (% per year)*

	<i>Primary</i>	<i>Secondary</i>	<i>Tertiary</i>
1910–40	0.0	2.3	2.2
1950–64	3.0	6.8	3.8
1965–85	2.5	4.3	4.4
1986–2007	3.4	6.8	7.1

Source: Roy, *Economic history*, tab. 12.1.

Table 6.9 Sectoral growth in output and productivity, 1960–2000 (% per year)

	Output	Output per worker	Total factor productivity
Agriculture			
1960–80	1.9	0.1	−0.1
1980–2004	2.8	1.7	1.1
Industry			
1960–80	4.7	1.6	−0.4
1980–2004	6.4	3.0	1.1
Services			
1960–80	4.9	2.0	0.4
1980–2004	7.6	3.8	2.7

Source: Bosworth et al. 2007: table 6.5.

Table 5. *Changes in sectoral shares in India and Korea, 1910–2000*

	<i>Primary</i>		<i>Manufacturing^a</i>		<i>Tertiary</i>	
	<i>India</i>	<i>Korea</i>	<i>India</i>	<i>Korea</i>	<i>India</i>	<i>Korea</i>
1910	64.5	67.8	11.4	4.4	23.5	25.5
1940	53.7	42.0	13.6	13.7	32.0	32.0
1960	46.8	39.6	14.5	12.1	30.2	41.4
1980	33.2	16.0	19.9	24.6	38.2	48.0
2000	22.6	4.6	23.4	28.3	45.5	57.3

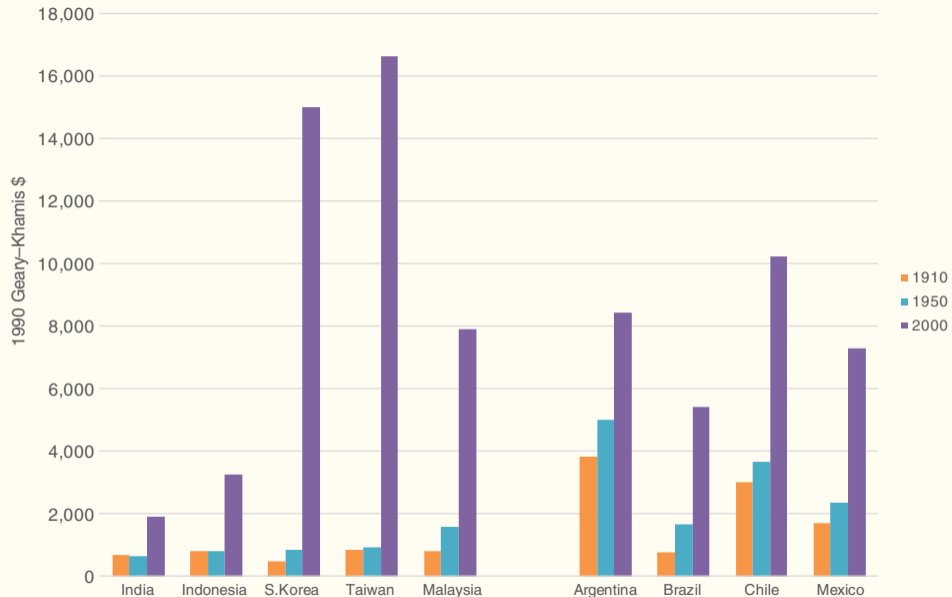
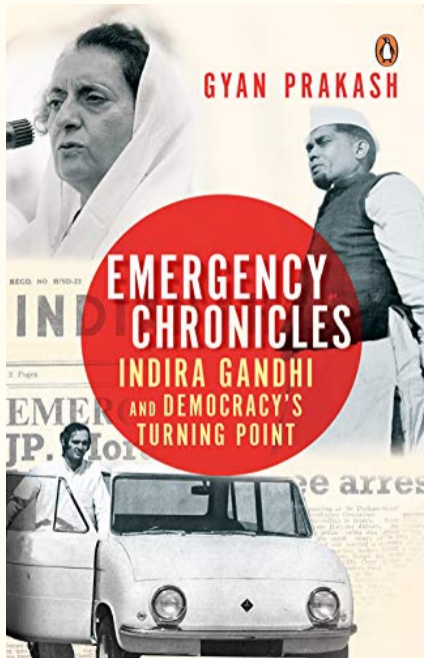


Figure 8. *Cross country comparison of GDP per capita, 1910–2000*

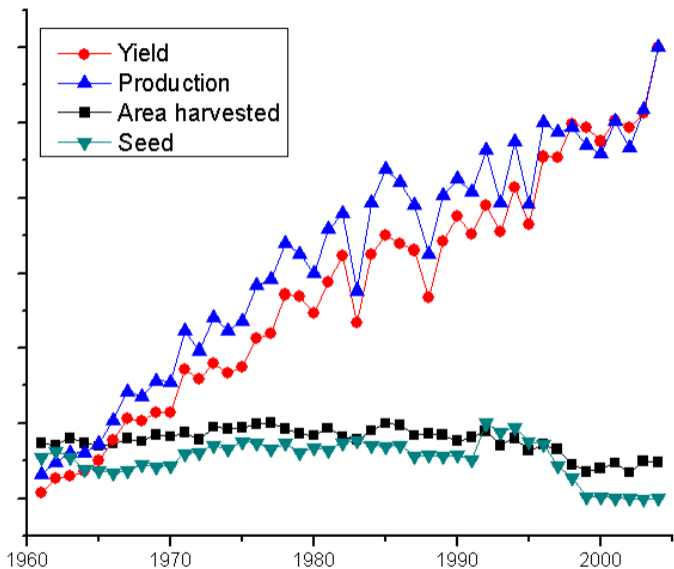
India: Positive aspects

- Democracy (except partially during “The Emergency” under Indira Gandhi from 1975 to 1977).
- Absence of famines.
- Green revolution: wheat output increases from 10 million tons in 1960 to 96 million in 2014. Work of Norman Borlaug in Mexico spreads to India and Pakistan.
- Faster growth after 2000:
 1. Exchange rates liberalized in the 1980s.
 2. Tariffs reduced in the 1990s.
 3. Industrial regulation liberalized and rollback of government investing.



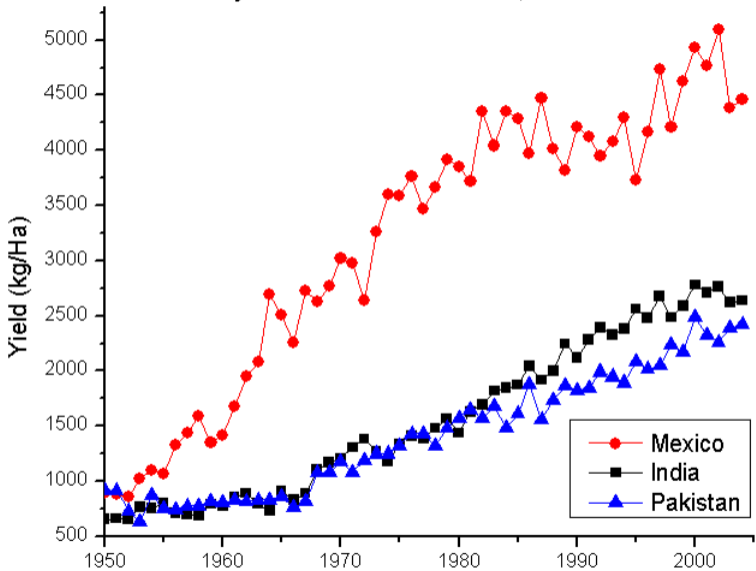


Total world production of coarse grain, 1961-2004



Source: FAO

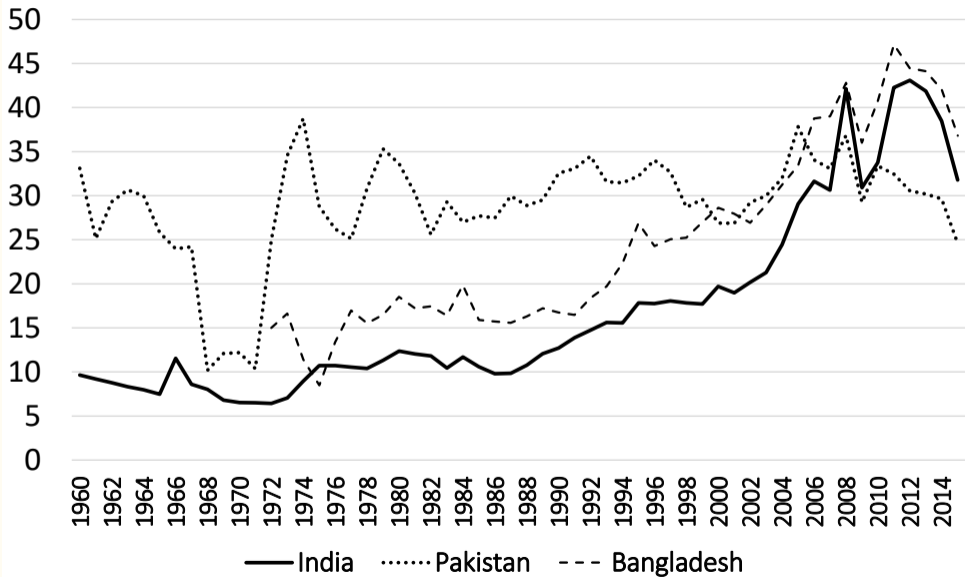
Wheat yields in selected countries, 1950-2004



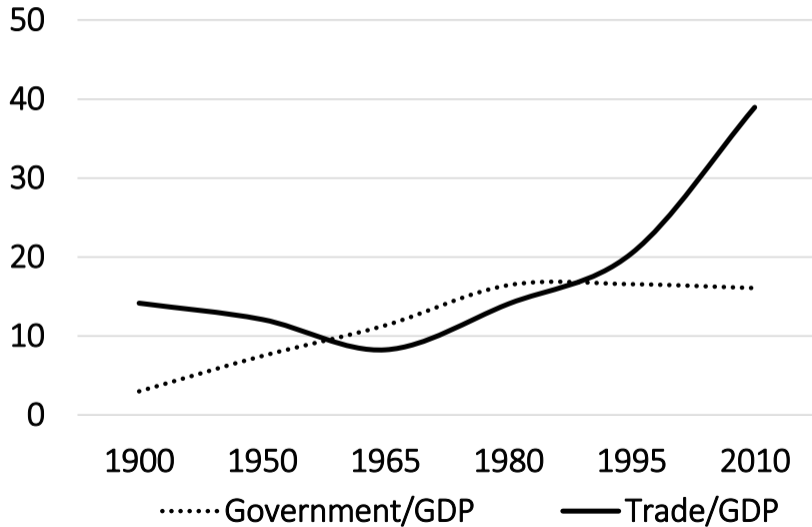
Source: FAO



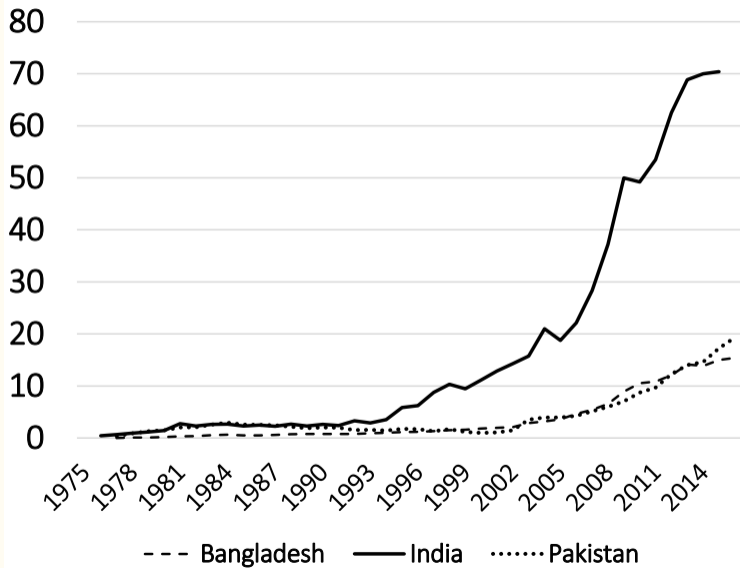
Trade-GDP Ratio (%) 1960-2015



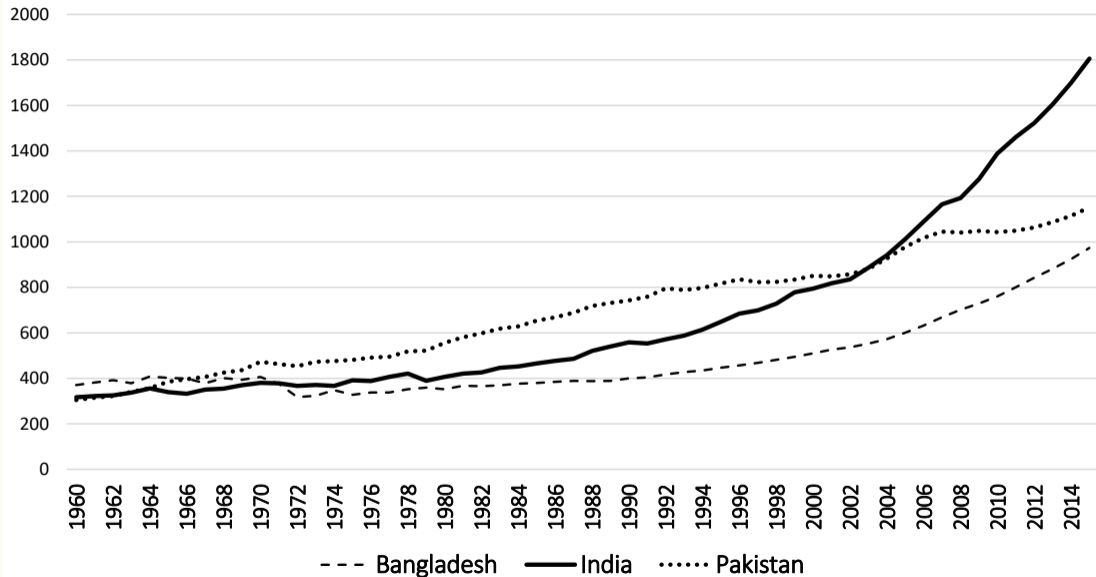
Trade and Government Expenditure in India 1900-2010



Inward remittance (billion US\$)



GDP per head (2010 US\$) 1960-2014



*An
Uncertain
Glory*

INDIA
AND ITS
CONTRADICTIONS

JEAN DRÈZE &
AMARTYA SEN

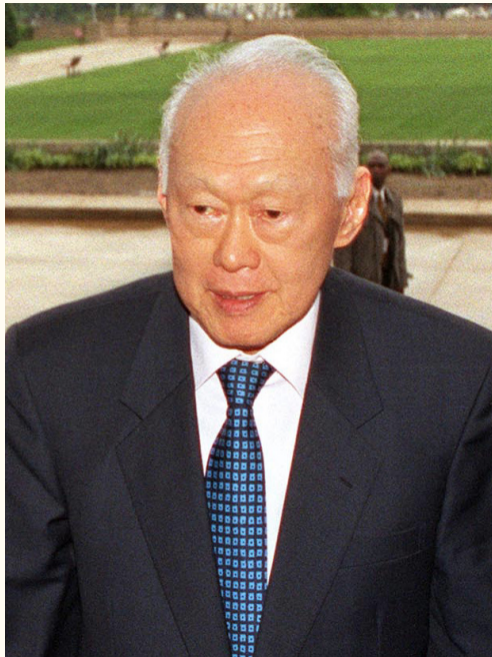
- Singapore (the “lion city”) is the leading British naval base in Asia. Its lose to the Japanese on February 15, 1942, is “the worst disaster and largest capitulation in British history” (Winston Churchill).
- Complicated path toward independence (communist guerrillas, ethnic divisions, British hesitations,...).
- After several ineffective previous limited elections, the People’s Action Party wins the general election in 1959, and Lee Kuan Yew becomes the first Prime Minister of Singapore.
- Enters into an ill-fated federation with Malaysia. Independence in 1965.
- Most observers think Singapore is not a viable state (too small, racial tensions...).

Michael D. Barr

SINGAPORE

A Modern History





- Government takes a vigorous approach to development:
 1. Sets up industrial parks with tax holidays for FDI.
 2. Promotes the harbor.
 3. Oil refineries.
 4. Housing and retirement funds (Central Provident Fund).
 5. Constant upgrade towards higher added value products (tourism, gambling, medicine hub biotech).
 6. Efficient legal system, low corruption, excellent civil service.
- Today, Singapore's GDP per capita is 75% higher than the US GDP per capita.

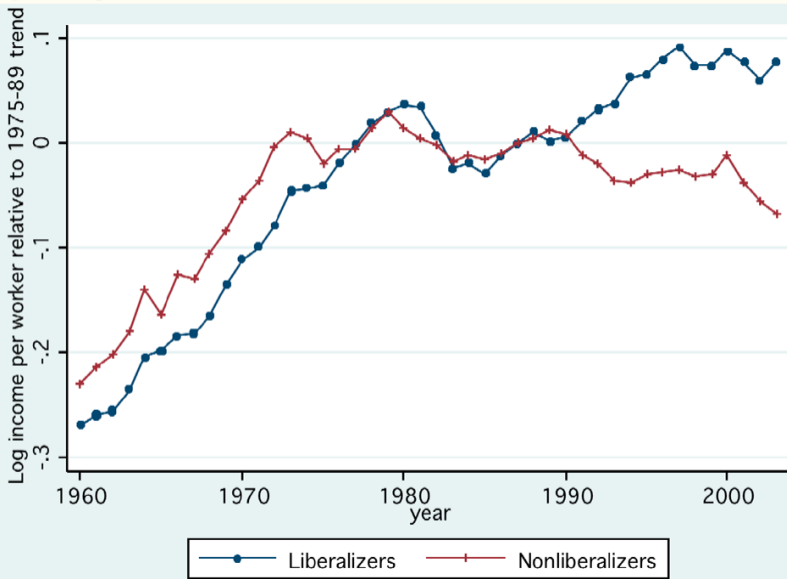
- First, the comparison is a bit unfair: a subcontinent with an island.
- Singapore has been several orders of magnitude more successful than India in economic terms.
- But it has come at a cost in terms of freedoms.
- 2021 Democracy Index compiled by the Economist Intelligence Unit:
 1. India: 6.91, flawed democracy (U.S.: 7.85, Norway: 9.75).
 2. Singapore: 6.23 (higher than in the recent past, when it was a hybrid regime).
- Even more in contrast with China's experience.

Some outcomes

Did development theories work?

- Mostly no, they did not.
- Countries that grew the fastest did not follow the development consensus from the 1950s and 1960s.
- What did work?
 1. Peaceful land reform.
 2. Export-oriented growth.
 3. Low distortions.
 4. Focus on primary and secondary education, not university.
- Note: this was not a pure market-oriented model either!

Log income per worker (PWT) relative to 1975–89 trend in liberalizers and nonliberalizers



Two textbook cases: South Korea and Japan

- Clearer examples: South Korea and Japan.
- External pressure (Communists and the U.S.).
- Authoritarian regimes that move slowly toward democracy.
- Wage repression and heavy investment.
- Role of industrial policy.



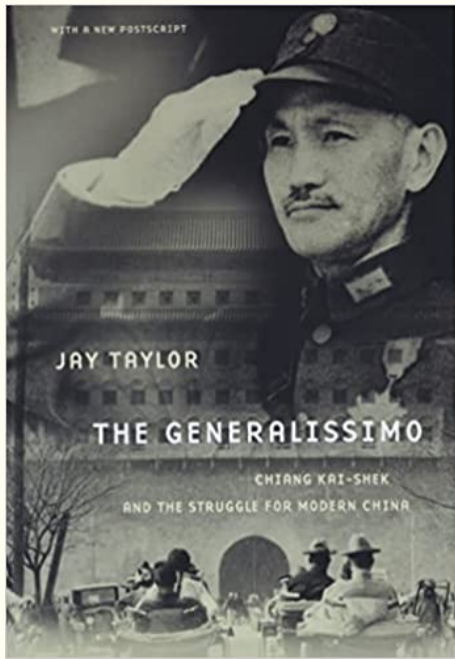
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THE PARK CHUNG HEE ERA

The Transformation of South Korea

EDITED BY
BYUNG-KOOK KIM & EZRA F. VOGEL

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LESSONS FROM EAST ASIA

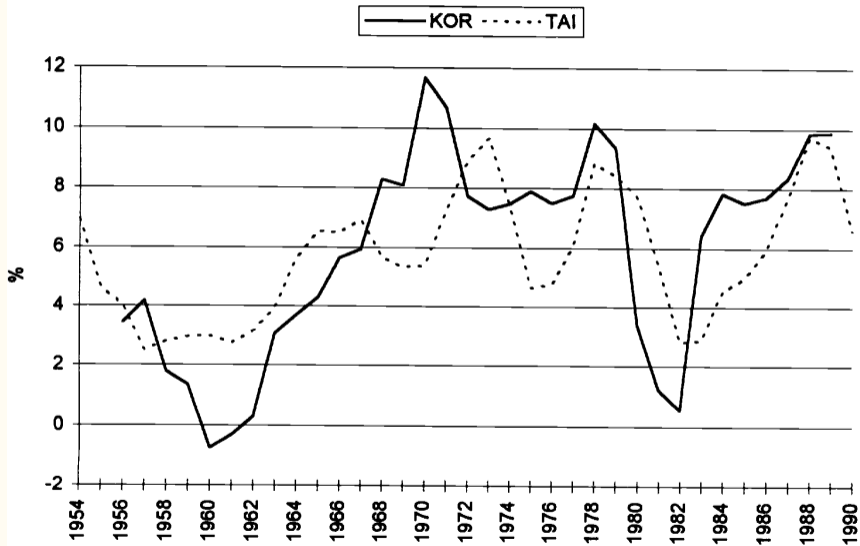
Danny M. Leipziger, Editor

MICHIGAN

Country	Per capita GDP, 1960 (1985 dollars)	Per capita GDP, 1989 (1985 dollars)	Per capita GDP growth, 1960-89 (%)
South Korea	883	6206	6.82
Taiwan	1359	8207	6.17
Ghana	873	815	-0.54
Senegal	1017	1082	0.16
Mozambique	1128	756	-2.29
Brazil	1745	4138	3.58
Mexico	2798	5163	2.36
Argentina	3294	3608	0.63

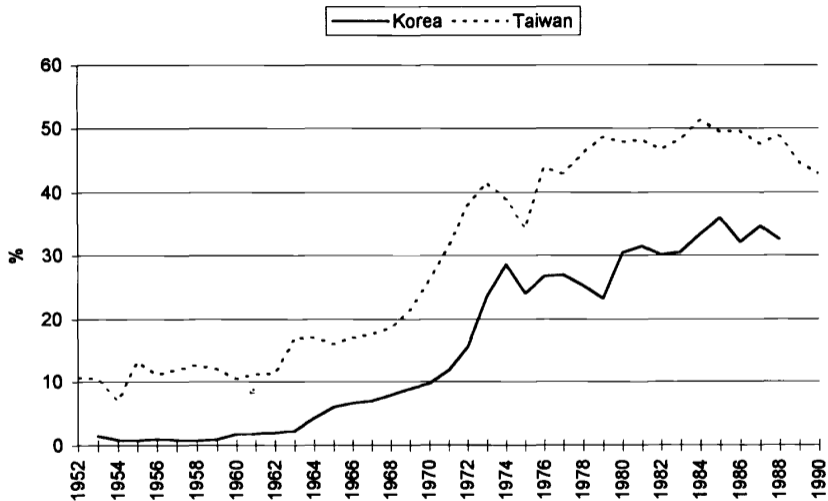
Source: Penn World Table 5.5

Per-capita Growth Rates (three-year moving averages)



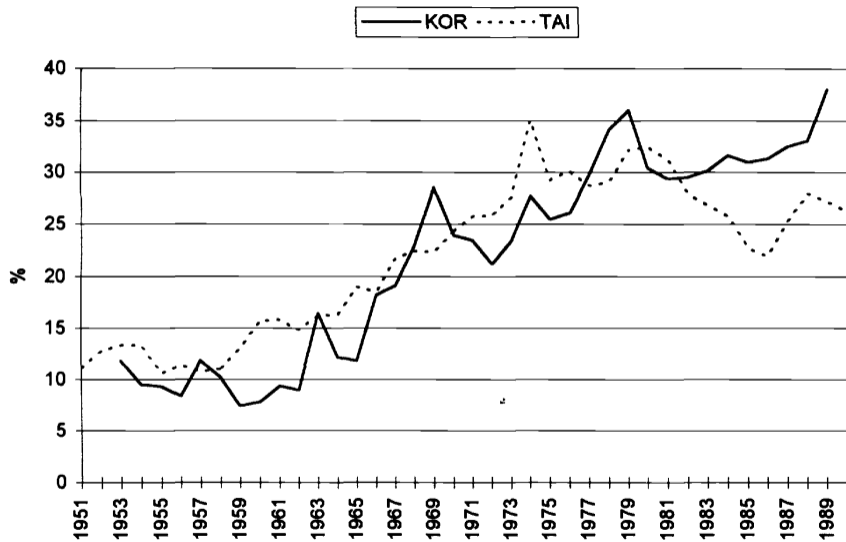
Source: Penn World Table 5.5

Export/GDP Ratios



Sources: Council for Economic Planning and Development, Taiwan Statistical Data Book 1982 and 1991; Economic Planning Board, Major Statistics of the Korean Economy, various issues; IMF, International Financial Statistics.

Investment/GDP Ratios



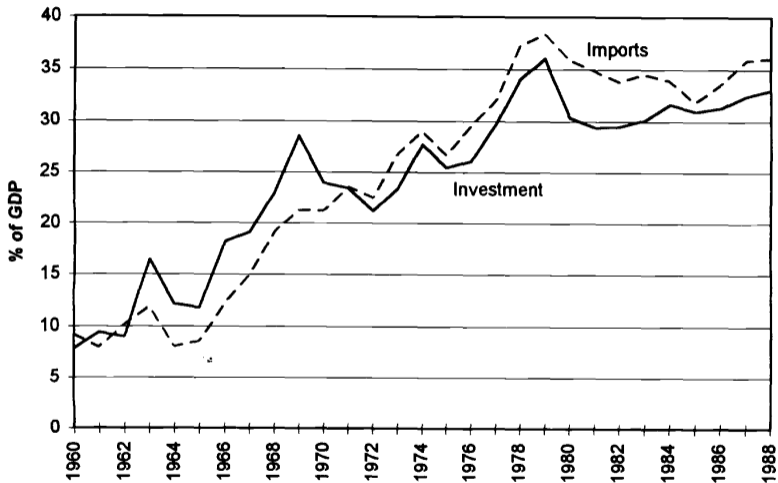
Source: Penn World Table 5.5.

Country	Period	Total Factor Productivity Growth (% per year)	
		Economy	Manufacturing
South Korea	1966-90	1.2*	2.7
Taiwan	1966-90	1.8	1.4
Argentina	1940-80	1.0	n.a.
Brazil	1950-80	2.0	n.a.
	1960-80	n.a.	1.0
Chile	1940-80	1.2	n.a.
Colombia	1940-80	0.9	n.a.
Mexico	1940-80	1.7	n.a.
	1940-70	n.a.	1.3
Venezuela	1950-70	n.a.	2.6

Note: * Non-agricultural economy.

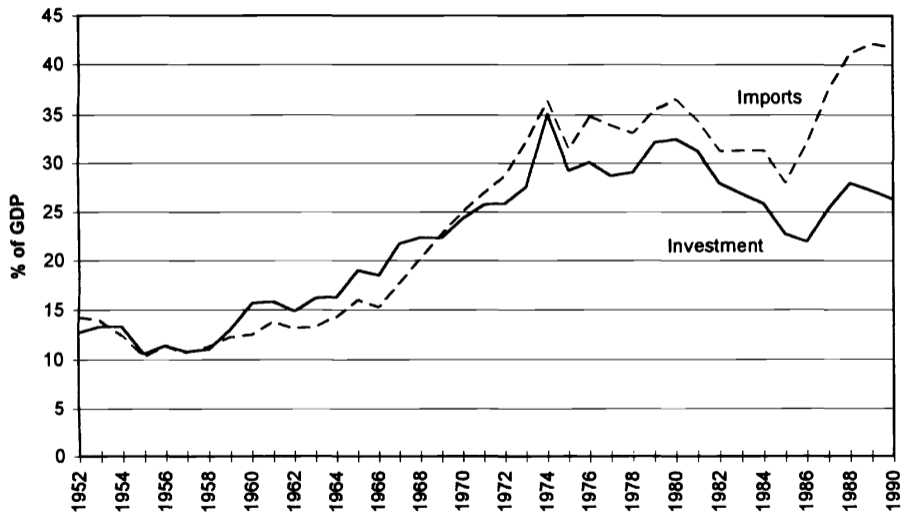
Source: Young (1994). Latin American statistics are originally from Elias (1990).

Imports and Investment, Korea



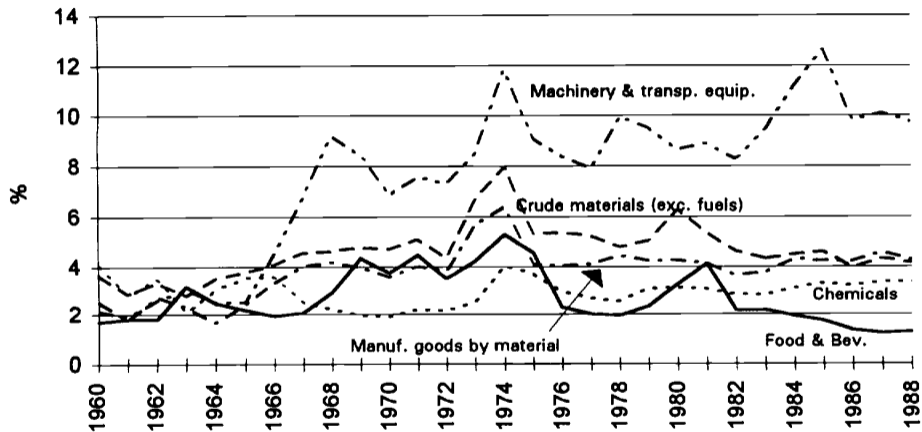
Source: Penn World Table 5.5 and Economic Planning Board, Major Statistics of the Korean Economy, various issues

Imports and Investment, Taiwan

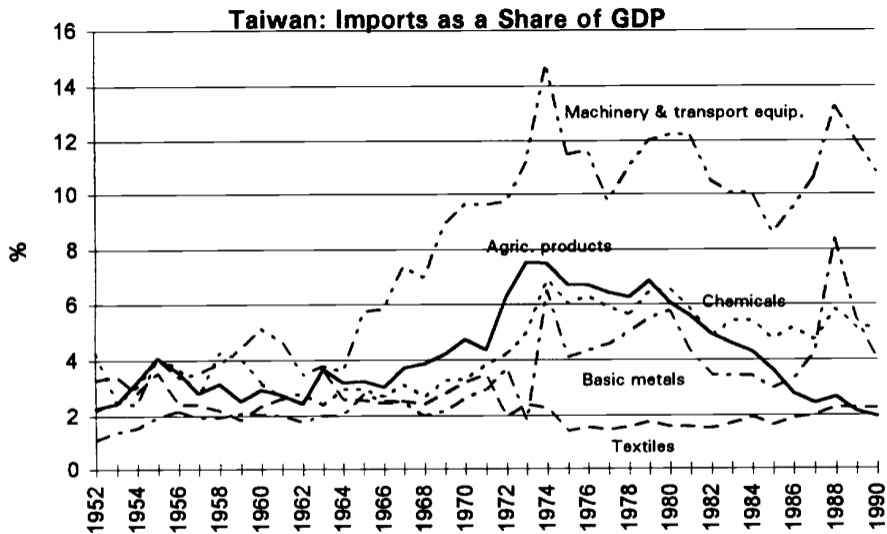


Source: Penn World Table 5.5 and National Income in Taiwan Area of the Republic of China (1993).

Korea: Imports as a Share of GDP



Source: Economic Planning Board, Major Statistics of the Korean Economy, 1976, 1989.



Source: Council for Economic Planning and Development, Taiwan Statistical Data Book, 1982, 1991.

Table 9: The Importance of Public Enterprise in GDP and Investment (in percent)

	Year	Public enterprise share of	
		GDP	Capital Formation
South Korea	1963-64	6.7	31.2
	1971-72	9.1	21.7
Taiwan	1954-57	11.7	34.3
	1958-61	13.5	38.1
	1962-65	14.1	27.7
	1966-69	13.6	28.0
	1970-73	13.3	30.5
	1974-77	13.6	35.0
	India	1966-69	6.5
Tanzania	1970-73	12.7	48.2
Argentina	1978-80	4.6	19.6

Sources: Wade (1990, Table 6.2), from original data in Short (1983), except for public enterprise share in GDP for Korea, which is from Jones and Sakong (1980, Table 24).

Table 10: Countries with human capital "imbalance", c. 1960

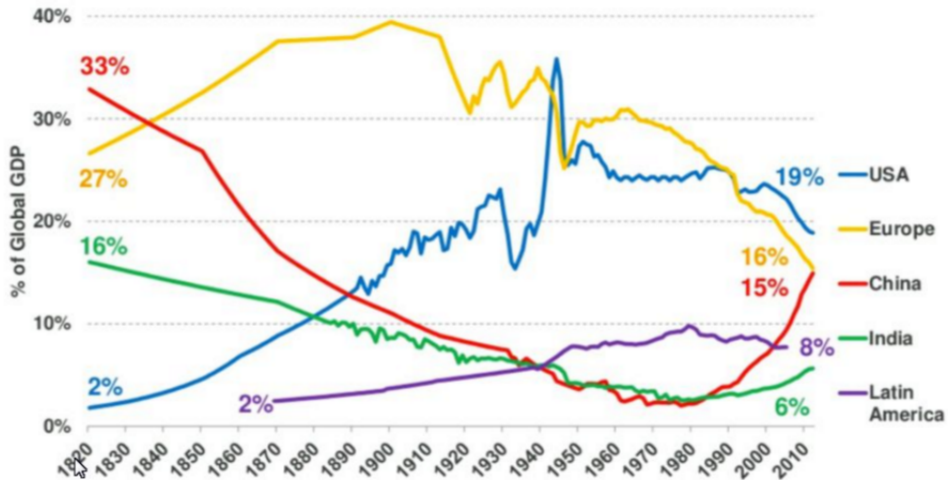
	Per-capita growth, 1960-89	Primary enrolment ratio		Secondary enrolment ratio		Literacy rate	
		Predicted	Actual	Predicted	Actual	Predicted	Actual
Dominican republic	2.48	0.64	0.98	0.13	0.07	0.39	0.65
Philippines	1.58	0.62	0.95	0.12	0.26	0.36	0.72
Paraguay	2.72	0.65	0.98	0.14	0.11	0.40	0.75
Sri Lanka	1.83*	0.65	0.95	0.14	0.27	0.39	0.75

Source: Same as Table 4.

Note: * 1960-85.

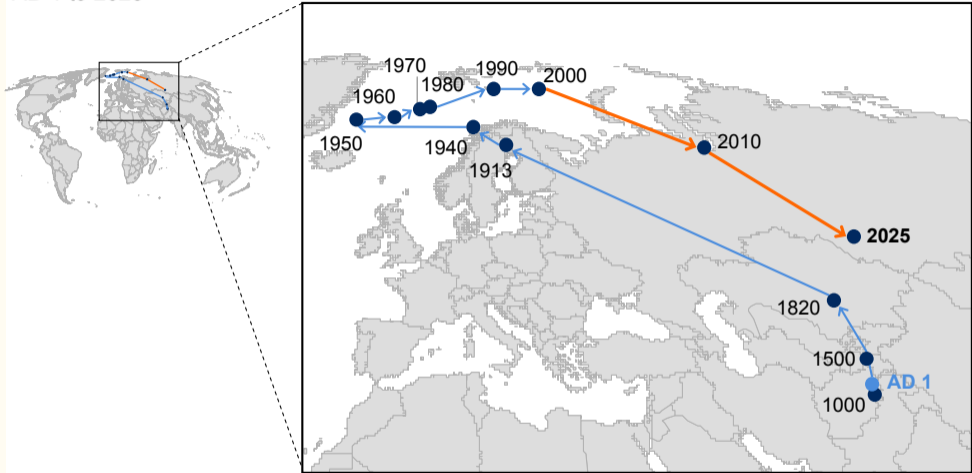
A changing world economy

Percent of Global GDP, 1820 – 2012, USA vs. Europe vs. China vs. India vs. Latin America



Evolution of the earth's economic center of gravity¹

AD 1 to 2025



1 Economic center of gravity is calculated by weighting locations by GDP in three dimensions and projected to the nearest point on the earth's surface. The surface projection of the center of gravity shifts north over the course of the century, reflecting the fact that in three-dimensional space America and Asia are not only "next" to each other, but also "across" from each other.

SOURCE: McKinsey Global Institute analysis using data from Angus Maddison; University of Groningen



Standard Oil of New Jersey (Esso)



Royal Dutch Shell (Anglo-Dutch)



Anglo-Persian Company (APOC)



Standard Oil Co. of New York (Socony)



Standard Oil of California (Socal)



Gulf Oil



Texaco

THE 7 BROTHERS

أرامكو السعودية
Saudi Aramco



CNPC



National Iranian
Oil Company

NIOC



PDVSA



PETROBRAS

PETRONAS

