The Colonial Legacies of Trade Agreements with the European Union

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THE COLONIAL LEGACIES OF TRADE AGREEMENTS WITH THE EUROPEAN UNION

by

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A thesis submitted in partial fulfillment of the requirements for the Honors in the Major Program in International and Global Studies in the College of Sciences and the Burnett Honors College at the University of Central Florida Orlando, Florida

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Abstract

As European colonialism was the dominant system of long-distance governance and resource appropriation for centuries, its economic legacies are diverse albeit understated. The existing research looks mainly at the effects of colonialism on a former colony’s internal development. This study broadens that scope, looking at which factors are correlated with the presence or absence of a trade agreement with the European Union as well as the number of restrictions to free trade within them. This was carried out through four large-n regressions. The first compared current former- and non-colony trading partners. The second narrowed the scope by comparing only former colonies. The third measured the number of restrictions among all current European Union trade agreements. The fourth measured trade restrictions among former colonies. The results are that various identity, developmental and intuitional variables are correlated with the existence of trade deals and the number of restrictions they contain.
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INTRODUCTION

Does the legacy of European colonialism still govern the economic relationships between ex-colonies and their former colonizers? While research into the impact of European colonialism on a former colony’s internal development has produced a diverse body of research, further study into its economic consequences has yet to be carried out. Inspired by the existing research, this study seeks to discover which factors are significantly correlated to the presence of trade agreements between the European Union and its former colonies as well as the number of restrictions within the agreements themselves. Using a series of four large-n regressions, various identity, institutional and developmental variables will be tested against existing trade deals in order to determine which variables are significantly correlated with which trade deals and trade restrictions.

According to Lange and Dawson, a colony is “a territory that is controlled by a foreign power and recognized by that foreign power as a non-integral component of its own national state” (2009, p. 792). According to Ola Olsson, a colony is:

[…] a new and lasting political organization created outside Europe by Western countries (countries in Europe excluding Russia but including the Western offshoots United States, Australia, New Zealand and Canada) from the 15th to the 20th centuries through either invasion or conquest, and/or settlement colonization. Its rulers are in sustained dependence on a geographically remote mother country or imperial center that claims exclusive rights of possession of the colony or in other ways strongly dominates politics in the country. (2009, p. 536)
For the purpose of this research, colonialism is the process by which a nation or territory was governed politically, economically or socially by a non-native entity who held some systemic power over their subjects. A colony, then, is the recipient of this process.

In general, research on colonial legacies has been concerned with colonialism’s impact on a former colony’s internal growth and development. It is generally accepted that colonialism has had some sort of lasting legacy on the states involved, though the exact idiosyncrasies and strength of these legacies can be difficult to measure. This paper seeks to broaden the existing literature by looking at which factors commonly occur along with trade deals and how these variables relate to the number of restrictions therein. By understanding the ways in which trade deals with former colonizers can have an impact on a modern state’s development, one can piece together a clearer picture of the different facets of colonial legacies that influence contemporary international relations.
LITERATURE REVIEW

When it comes to the philosophy of trade, traditional mercantilist ideology holds that a state improves its wealth by encouraging exports and discouraging imports. The publication of Adam Smith’s *The Wealth of Nations* in 1776 challenged this idea by suggesting that the theory of absolute advantage—in which an economic activity can be carried out more efficiently by some groups or individuals than others—could provide bilateral benefits. Then, in 1817, David Ricardo expanded on this when he developed the theory of comparative advantage in his book *On the Principles of Political Economy and Taxation*. Comparative advantage posits that some groups or individuals carry out one type of economic activity more efficiently than another, both in terms of production and when compared to another group or individual engaging in the same activities. By trading what commodities each side is comparatively more efficient at producing, both partners make larger overall gains from trade. Gains from trade consist of “the difference between the cost of the domestic production of the quantity of foreign commodity it receives and the cost of the quantity of the home-produced commodity it gives in exchange” (Faccarello, 2015, p. 756). This allows them to more efficiently direct resources towards producing what they hold a comparative advantage in, thereby maximizing the net output of an economic activity.

The classic example of comparative advantage is illustrated by the exchange of wine and cloth between Portugal and England. It would cost Portugal 80 units of labor to produce wine and 90 to produce cloth while it would cost England 120 units to produce wine and 100 to produce cloth (Faccarello, 2015, p. 756). By specializing in wine, Portugal frees up 10 units of labor while England frees up 20 units by specializing in producing cloth.
Comparative advantage can then be expanded to include economic activities that are nearly impossible for one side to produce. As Ricardo wrote: “If we could not import… our silk, cotton and indigo… with many other articles peculiar to foreign climates, it is quite certain that we should not have them at all” (as cited in Faccarello, 2015, p. 756). Thus, comparative advantage in international trade allows consumers to access materials they would otherwise not have access to. This is why comparative advantage remains a fundamental explanation for why states trade with each other today.

In the late 1970s, economists realized that most world trade occurred between developed states with similar economic potential. More diversity among consumer options allowed them to increase utility, which made this sort of trade profitable for different states and companies to engage in. Today, newer trade models posit that firms “can and do vertically separate parts of their production process, which they can then ‘source’ from different locations” (Blonigen & Wilson, 2013, p. 621). Offshoring occurs when a company from one state moves part of their production to another state. The majority of offshoring is concentrated in firms from developed states utilizing the low-cost labor force in less developed states (Blonigen & Wilson, 2013, p. 621).

In order to measure trade between developed and developing countries, Blonigen and Wilson use the Organization for Economic Cooperation and Development (OECD) as a proxy for developed states. The OECD shares many member states with the European Union and therefore the findings are acceptable for this study as well. Following newer trade theories, trade between OECD members dominates world trade. From 1973 to 1999, trade between OECD members accounted for 44-58% of global trade, although has been declining since the early
Trade where one partner is a member of the OECD represents the vast majority of trade. Trade between non-OECD and OECD members has grown significantly in recent years, as has trade between two non-OECD members. Much of the growth among OECD and non-OECD members can be attributed to a significant increase in trade with China and to the increased use of offshoring. Trade between two non-OECD members now accounts for 25% of world trade.

As Europeans colonized many states worldwide, the European Union (EU) now encompasses many states’ former colonial powers. The EU is an economic and political association of European countries that agree to trade freely amongst themselves and to function as a cohesive unit in external trade. It is an economic powerhouse, ranking as the largest economy in the world and accounting for over one quarter of the world’s wealth when measured by gross domestic product (“The European Union Explained: Trade,” 2016, p. 3). When it comes to international trade, the European Union promotes the establishment of free trade agreements with other states or groups of states in order to accelerate growth and innovation. Each agreement varies based on states’ individual capacities and ambitions.

Generally, the EU pursues a policy of “active engagement” with its partners to negotiate comprehensive free trade agreements in order to lessen customs duties on exports, eliminate quotas on exports, cut down on bureaucratic barriers to trade and give EU businesses access to the global market (“The European Union Explained: Trade,” 2016, p. 8). The International Monetary Fund (IMF) currently estimates that 90% of future economic growth will originate outside of Europe by 2020, with one third of that growth in China alone (“The European Union Explained: Trade,” 2016, p. 5). This desire to engage in extra-EU trade has been noted in recent
years, as intra-EU trade decreases and extra-EU trade increases. In 2014, the percentage of total EU27 trade (imports and exports) was within the EU 60% while it was 40% outside of it (Georgescu, 2014, p. 128). Trade trends within the EU also show that most member states are more open to trade—measured by total trade divided by GDP—than they used to be (Georgescu, 2014, p. 129). Similarly, smaller economies tend to be more open to trade than larger economies, as larger economies tend to be more autarkic (Georgescu, 2014, p. 129). In other words, larger economies tend to be more self-sufficient.

Most postcolonial literature focuses on how different identity, developmental and institutional legacies have affected the internal development of former colonies. By utilizing the existing body of research on postcolonial legacies, different independent variables were isolated and applied to this study. For example, “Did colonization matter for growth?” found that colonial dependencies grew, on average, about three times larger than either former colonies or independent states (Bertocchi & Canova, 2002, p. 1860). Dependencies were defined as states that were never formally colonized but with significant ties to a metropole (Bertocchi & Canova, 2002, p. 1855). A metropole is the colonizing state. When compared to independent states, dependencies were able to profit from their connections to the global economy more efficiently. They were also “capable of taking maximum advantage of the new political order, while colonies kept paying the consequences of their history even after political independence was achieved” (Bertocchi & Canova, 2002, p. 1854). This helps explain some of the contemporary trade relations between the EU and its former colonies, as states with higher rates of development upon decolonization are assumed to be more appealing trading partners.
Acemoglu, Johnson and Robinson establish a binary between settler and extractive colonies, claiming that settler colonies tended to experience higher stability and growth after colonization due to the presence of strong governing institutions created and maintained by European settlers (2001, p. 1374). These Europeans wanted governments that would grant them the same rights they had in Europe and would therefore establish strong institutions in order to provide these privileges in the colonies where they settled. Many times, these institutions were strong enough that they persisted after independence. In contrast, extractive colonies had few European settlers, which allowed the governing officials to “[focus] simply on expropriating wealth from the colonized” (Lange, 2004, p. 905). These exploitative intuitions also persisted after the end of formal colonization, as successors to the colonial regime “[inherited] its structures, its quotidian routines and practices, and its more hidden normative theories of governance” (Young as cited in Acemoglu, Johnson & Robinson, 2001, p. 1376).

Sokoloff and Engerman distinguish between three types of institutional legacies: those found in the plantation colonies in the Caribbean and Brazil, the extractive colonies of South and Central America and those from the settler colonies of North America. Plantation and extractive colonies had institutions that “protected the privileges of the elites and restricted opportunities for the broad mass of the population to participate fully in the commercial economy” (Solokoff & Engerman, 2000, p. 221). The elites in these colonies were Europeans and European descendants who preferred to act as overseers over indigenous or African slave populations, either encouraging them to grow commodity crops or to extract mineral resources which were then siphoned to the metropole. North American colonies, excluding Mexico, had balanced and self-servicing institutions developed by and for the majority population of family farmers of
European descent (Solokoff & Engerman, 2000, p. 223). The consequence of persistent institutions on internal growth and development is that settler colonies started ahead and remained ahead, while plantation and extractive colonies started behind and remained behind, comparatively and in most situations.

Many papers find marked differences in the way different colonial powers governed their colonies, particularly among former British ones. In a comparison of 63 ex-British African, French African and Spanish American colonies, British colonies performed better on average in matters of postcolonial development (Grier, 1999, p. 319). This is due to a relatively more flexible colonial process. After 1765, the UK did not “automatically impose their constitution on the indigenous culture, but tried to individualize each country’s constitution to its specific needs” (Grier, 1999, p. 319). Many colonial governments under British control were allowed to provide tailored and culturally sensitive education to their constituents in their local languages. Acemoglu et al. point to Britain’s common law legal system that led to the protection of property rights and more developed financial markets, which had positive effects on post-colonial growth and development. Former British colonies prospered relative to other colonies “because of the good economic and political institutions and culture they inherited from Britain” (Acemoglu et al., 2001, p. 1373). The dependencies in Bertocchi and Canova’s study, which had higher levels of post-colonial growth than other states, were all former British colonies. British trade policies were much more open when compared to other states’ trade policies. They allowed their colonies to engage in free trade from 1830 onward and stopped enforcing preferential treatment in 1846 (Grier, 1999, p. 320). British colonies that were ruled directly had more political stability and bureaucratic effectiveness, stronger rule of law, and less state regulatory burden and government
corruption than indirectly ruled former British colonies (Lange, 2004, p. 906). Whether a British colony was governed using direct or indirect rule was highly influenced by the percentage of European settlers—the more there were, the more likely a colony was governed directly. However, Olsson argues that British rule was not more conducive to the establishment of democracies as a unique function British rule, per se, but rather a function of the time under which they had the greatest ability to rule.

When compared to former British colonies, former French colonies fared worse. The French education system prioritized French-only education, which left a 95% illiteracy rate in former French African colonies by the late 1960s (Grier, 1999, p. 319). They used a civil law system developed during the Napoleonic era to restrain judges’ interference with state policies, which led to the development of less stable institutions (Acemoglu et al., 2001, p. 1372). The French government imposed protectionist and mercantilist measures on their colonies, forcing their colonies “to import from France (or at least through her), to sell their goods only to France, and to use French ships” (Grier, 1999, p. 320). Although the French did utilize a version of direct rule, it was less centralized than the British equivalent. Local chiefs held power over local areas while the colonial administration was nearly defunct, leading to the establishment of “predatory and patrimonial” states upon independence (Lange, 2004, p. 917).

Many studies find that geography and time are significant to understanding post-colonial development. Acemoglu et al. hypothesize that Europeans settled in areas conducive to their survival, such as those with climates and disease thresholds more akin to what was found in Europe (Acemoglu et al., 2001, p. 1370). Places with larger European populations tended to develop better institutions. Solokoff and Engerman agree with this assertion, stating that
geography and climate were more significant determinants of development because they determined what type of colony was established (Solokoff & Engerman, 2000, p. 219). They argue that Caribbean colonies were plantations, regardless of their Spanish, British or French colonial masters. For example, British colonists “followed the practice of the times to develop major sugar plantation complexes in… South America and the Caribbean based on a massive import of Africa slaves [sic]” (Olsson, 2009, p. 540). The practice of the times, of course, was that of Spanish and Portuguese plantation colonization.

Olsson finds that colonialism can be understood as two movements through time, with longer colonial duration and later time of independence positively correlated with post-colonization democracy. The mercantilist wave began in 1492 and ended around 1820 with the independence of most Latin American states. The imperialist wave, on the other hand, peaked between 1880 and 1900. The mercantilists were “driven by their desire to capture precious metals (in America) and to gain monopoly in the lucrative spice trade (in Asia)” (Olsson, 2009, p. 539). Imperialists, influenced by the Enlightenment, the Industrial Revolution and the American and French Revolutions, colonized for political and/or humanitarian reasons. In other words, they colonized in order to prevent their rivals from claiming territory, to root out slavery, spread ‘civilization’ and establish free trade. The different colonial purposes, divided by time and governed by different needs and philosophies, have left different institutional legacies on former colonies.

It can be argued that the difference between the mercantilists and imperialists is merely a difference in colonizer identity, as the mercantilists tended to be Spanish or Portuguese and the imperialists British, Dutch or French. Olsson disagrees with this conjecture, explaining that the
predominance of Iberian colonizers during the mercantilist era was due to the peninsula’s auspicious strength in other arenas. By the imperialist era, institutional development had “taken off” in England and the Netherlands, which allowed British and Dutch colonizers to reach farther and establish more lasting colonies than their Spanish or Portuguese counterparts.
THEORETICAL INTUITION AND HYPOTHESES

In general, the European Union has a similar objective for each trade deal they consider: creating an economic zone that is as open and liberal as possible. Therefore, the differences among trade agreements can be seen as originating from the other states’ unique concerns and preferences. Trade deals formalize trade; they are written contracts where members lay the groundwork to settle disputes and agree to follow specific trade parameters. Restrictions place a limitation on a state’s ability to engage in free trade. This allows a non-EU state to protect vulnerable parts of its economy from the competition of complete economic liberalization.

The number of trade restrictions in an agreement can therefore be considered protective measures for non-EU states. We expect that trade restrictions are driven by the internal dynamics of each state. This is useful for this study as they provide a window into the intersection of domestic and foreign policy on behalf of the non-EU state while the EU itself remains static. In this manner trade agreements can be seen as the externalization of unique internal conditions.

I believe that colonial legacies—in part a state’s unique history, in part their contemporary level of development—are what account for these internal conditions. In other words, colonial legacies create a significant amount of the variation in the number of trade restrictions found in each trade agreement. By working to understand the processes by which trade agreements are formed between former colonies and colonizers, we can create a broader understanding of colonial legacies in action.

There are two primary questions this study seeks to answer. The first is: which states have trade deals? Then, which states have more trade restrictions? Two different statistical models are used to answer each question, the results of which are discussed below.
My main theoretical intuition is that a state’s identity, institutional structures and internal development are three different, albeit interconnected, dividends of colonial legacies. The first legacy is identity, which looks at which power colonized each state. A connected legacy is the percentage of people of European descent present in each state upon decolonization, following the line of thinking which proposes that settlers created lasting institutions for their benefit. Institutionally, a state’s colonial purpose is another legacy, as it clarifies what a colony was used for. For example, was a state used to extract natural resources, grow commodity crops or set up colonial offshoots of the metropole? The length of colonial rule and the number of years since independence provide a comparative chorological context.

Colonial legacies in part manifest as developmental conditions, such as a state’s GDP per capita or HDI. GDP stands for gross domestic product and it is the total value of goods produced and services provided in a state during one year; per capita means it is divided by the population. GDP gives an average of income per state, though it does not address distributional inequality. The Human Development Index (HDI) ranks states based on indicators such a life expectancy, education, infant mortality and GDP per capita in order to give perspective on a state’s development.

When it comes to colonial history, it is anticipated that the identity of the former colonizer will have significant influence over whether a state has a trade deal and, if so, the number of restrictions therein. British, French, Portuguese and Spanish colonizers were especially prolific. It is anticipated that British and French colonies will be more likely to have a trade deal than other states. This is because the British and French colonial empires were exceptionally extensive and well connected and remain so today in the form of political
communities. Because of this, I believe that they will present with fewer restrictions than found in other states, as fewer restrictions enable trade to flow more liberally among them and their former metropoles.

I believe the opposite will be true for former Portuguese and Spanish colonies. Although these colonies also extensive, the majority gained independence many years before British, French, Dutch or Belgian colonies. Therefore, I believe that their economies are less linked with their former metropoles and that this chronological distance will have allowed for a substantial level of economic development that lends itself to more protectionist trade policies. In other words, Spain, Portugal and their former colonies have had more divergent economic histories and will therefore be more likely to have trade deals. Within their trade deals, former Spanish and Portuguese colonies are more likely to have more restrictions as well, as it is thought that their early economic divergence allowed them to more fully develop industries that they now seek to protect from EU competition.

It is anticipated that the presence of more European settlers upon decolonization is correlated with fewer trade restrictions. This might be due to higher rates of contemporary development in settler colonies and therefore a greater potential to benefit from more liberalized trade. It might also be due to closer institutional ties between settlers and their states of origin.

When it comes to the purpose a colony filled, it is anticipated that extractive colonies are less likely to have trade deals. This is because extractive colonies were built upon the removal of raw materials and thus have less of a need for extensive trade negotiations. I believe there will be fewer restrictions in former extractive colonies’ trade deals, as they have less of a need to protect burgeoning industries. On the other hand, it is anticipated that plantation colonies are more likely
to have a trade deal as their industries were—and are—based on the active production of certain crops. Thus, their economic output is more intensely determined by market forces. However, similar to extractive colonies, I believe that plantation colonies are more likely to have fewer restrictions than other types of colonies, as they are able to reap the benefits from more liberalized trade as they meet the demand for certain products.

Geographically, it is anticipated that states in South/Central America and the Caribbean are more likely to have a trade deal than states in other places. This is because they encapsulate the majority of Spanish colonies as well as many of the plantation colonies in the dataset. Due to the prevalence of plantation colonies in South/Central America and the Caribbean, it is also anticipated that they will have fewer trade restrictions in their agreements. On the other hand, as there is significant overlap between extractive colonies and African colonies, it is anticipated that states in Africa are less likely than other states to have trade deals and that, for those that do have trade deals, their trade deals will have fewer restrictions. Part of the logic behind this reasoning is that, for many developing African states, their trade deals are Economic Partnership Agreements (EPAs), which combine free trade with developmental aid (“Agreements,” 2016). This articulates the power imbalance between trading partners, which means that the non-EU states in EPAs are less able to leverage for more protections, have little need to institute restrictions, or some degree of both. EPAs are deals that the EU makes with African, Caribbean and Pacific states. However, because Caribbean states in this study are included with South/Central American, this indicator is unreliable for certain cases.

When it comes to economic development, it is anticipated that states with a higher GDP per capita are more likely to have a trade deal because they have more competitive industries. It
is also anticipated that this competition will be correlated with more restrictions within a trade agreement as a state seeks to balance free trade with protectionist policies. It is anticipated that this will hold true over time. It is also anticipated that HDI rankings will follow a similar pattern.

It is anticipated that the longer a state was a colony, the more likely it is to have a trade agreement. This is because the economies of the former metropole and colony are more enmeshed and dependent on trade from one another. This might be due to the fact the metropole fought against independence in order to maintain a continuous level of colonial control so that they could continue to reap benefits or because a colony was so integrated into a colonial paradigm it was disadvantageous to leave the colonial relationship. It is anticipated that the longer a state was a colony, the fewer restrictions its trade agreements will present with as this will mimic colonial trade conditions.

It is anticipated that the later in time an agreement was signed, the more restrictions it is likely to have. This is because the EU will have developed a better sense of beneficial trade polices through experience due to increased globalization over the past two decades and because more restrictions will take longer to agree upon in the negotiation process.

Finally, it is anticipated that the longer a state has been independent, the more trade restrictions it is likely to have. This is related to the length of colonial duration being correlated with fewer restrictions, but in the inverse. Independence allowed states to develop economies separate from each other, decreasing dependency and increasing the need for protectionist policies.
METHODOLOGY

In order to answer the two research questions, four regressions were run. This was in order to isolate certain populations. The first regression considered which states, out of the total population, had trade deals. The second considered which states, limited only to former colonies, had trade deals. These regressions were binary logistic regressions because they had a dichotomous dependent variable: a dummy variable for the existence of a trade deal.

The third regression tallied the number of trade restrictions among the states that have trade agreements with the EU. The final regression tallied the number of trade restrictions among former colonies with trade agreements. This was done using a Poisson Count Model.

Data was gathered from a variety of sources. A dataset was created with 37 variables. The total population (N = 137) included states with trade deals and former colonies regardless of whether they had a trade deal or not. This excluded EU member states (all 28, ignoring the implications of Brexit); overseas territories under colonial jurisdiction such as the British Virgin Islands and Martinique; states that split into separate entities significantly post-decolonization such as South Sudan, Namibia and Eritrea; and states that neither have trade agreements nor were colonial subjects, such as Japan or Thailand. The United States was excluded as it was both a colonized state (by the British) and a colonizer (of states such as Liberia and the Philippines). Kosovo was included as it has a trade deal with the EU, although the trade deal in no way indicates that the EU views it as a sovereign entity.

The dichotomous dependent variable—a trade agreement before 2016—was taken directly from the European Commission’s Trade Agreements webpage. The presence of a signed trade deal, regardless of its implementation, was considered to be a trade deal. Agreements with
concluded negotiations that were lacking signatures were not considered to be trade deals. The trade deal dummy was the dependent variable for the first two regressions. The number of restrictions in each trade deal was taken from the body of the trade deals themselves; a restriction was defined as a clause that placed a limitation on free trade. The number of restrictions present were gathered by reading the agreements, looking for key words such as “neither party” and “no member.” The number of restrictions was the dependent variable for the second set of regressions.

The first set of identity variables categorized the state of colonial origin. There were nine dummy variables: British, French, Belgian, Portuguese, Spanish, Italian, Dutch, None and Other. This information was taken from the Atlas of World Population History (McEvedy et al, 1978), The Encyclopedia of Global Population and Demographics (Ness & Ciment, 1999) and the CIA World Factbook (2017). If the colonial owner was dubious—for example, if more than one state colonized a territory or if the colonial power in a given state changed hands—the most recent one was used. The second identity variable looked at the percentage of European settlers present in a colony immediately after colonization. “Income Inequality and Colonialism” was the primary source for the percentage of European settlers (Angeles, 2007). If the data was missing, the percentage of people of European origin listed in the Atlas of World Population History (McEvedy et al, 1978), The Encyclopedia of Global Population and Demographics (Ness & Ciment, 1999) or the CIA World Factbook (2017) was used.

There were three developmental variables: GDP per capita in 1970, GDP per capita in 2010 and HDI in 2014. GDP per capita was taken from The World Bank’s page on GDP per capita in current US dollars from 1960 to 2015 (2016). Several states were missing data for 1970
or 2010. If that was the case, the closest year with data was substituted. The Human Development Index rating in 2014 was taken from the United Nations Development Programme “Human Development Reports” dataset (2015). If data was missing, the nearest year with information was substituted. Once the regressions were run, it was discovered that GDP per capita and HDI are highly correlated, and only the information for GDP per capita from 2010 was used in the end.

There were seven institutional variables for colonial purpose: Extractive, Settler, Plantation, Protectorate, Mandate, Neo-Europe and None. This data was taken from a variety of sources, including the Atlas of World Population History (McEvedy et al, 1978), The Encyclopedia of Global Population and Demographics (Ness & Ciment, 1999) and the CIA World Factbook (2017).

There were three categories of control variables: geography, colonial duration and the number of years since independence. North America, South/Central America and the Caribbean, Europe, Africa, the Middle East, Asia and Other were the seven geographic variables. They were determined using the CIA World Factbook (2017). Colonial duration and the number of years since independence were taken from “On the democratic legacy of colonialism” (2009, p. 546-549).
RESULTS

Before discussing the results of each regression, a foundation of the descriptive statistics for this study will be laid out. Firstly, the total population is 137 states. Out of that number, 59 were former British colonies, 26 were French, 20 were Spanish, 7 were Portuguese, 3 were Belgian, 2 were Italian, 2 were Dutch, 2 were colonies of the United States and 18 were never colonized. 45 were plantation, 33 were settler, 25 were extractive colonies, 8 were protectorate, 5 were mandate, 3 were Neo-European and 18 were not colonies.

When it came to the length of colonization, the average was 181.79 years with a standard deviation of 133.49. The median was 119 years. The shortest period of colonization was in Iraq, which lasted for 11 years. The longest length was for 513 years, in Cabo Verde. The average number of years since colonization ended was 81.11 with a standard deviation of 55.13. The median was 57 years. Haiti has been independent for 213 years, which was the longest length in this study. Brunei was the shortest, having been independent for 33 years.

The average HDI score in 2014 was .654 with a standard deviation of .147. The minimum was .348, the maximum was .944 and the median was .69. The average GDP per capita in 1970 was $1,149.62 with a standard deviation of $3,004.89. The minimum was $58.57, the maximum was $27,708.70 and the median was $368.06. In 2010, the average GDP per capita was $8,556.85 and the standard deviation was $14,504.10. The minimum was $214.23, the maximum was $87,646.27 and the median was $3,393.93.

When it came to the number of trade restrictions, the average was 39.61 per deal with a standard deviation of 31.9. Canada had the most trade restrictions at 106. Mexico had the fewest at 0. The median was 27 restrictions. The average year an agreement was signed was 2007.75
with a standard deviation of 9.402 years. The earliest trade agreements were signed in 1973 and the latest in early 2017.

Demographically, most states had a small percentage of European settlers. Of the 119 former colonies included in this study, 80 had less than 5% Europeans. 10 states had a 5-10% settler population. 5 had settler populations between 10-15%. 7 had settler populations between 15-20%. 9 had settler populations between 20-25%. 3 had settler populations between 25-30%. 1 state had a settler population between 30-35%. 1 had a settler population between 35-40%. 3 states had settler populations larger than 50%.

The cross-tabulations of geography, colonial purpose and colonial identity are on the following three pages.
Table 1: Geography and Identity Cross-Tabulation

<table>
<thead>
<tr>
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Table 2: Geography and Purpose Cross-Tabulation

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Table 3: Purpose and Identity Cross-Tabulation

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In the first regression, the British, French, Portuguese, Spanish, Extractive, Plantation, and South/Central America and the Caribbean variables were highly statistically significant. The African and GDP per capita variables were not. However, the British, French, Portuguese, Spanish and Plantation variables are inconsistent with their respective hypotheses. British, French, Portuguese and Spanish colonies are not more likely to have a trade deal than the residual identities. Plantation colonies are less likely to have a trade deal than the residual categories. On the other hand, extractive colonies are less likely to have a trade deal, which is consistent with its hypothesis. South/Central American and Caribbean states are more likely to have a trade deal, which is also consistent with its hypothesis. The results are laid out in Table 4.

In the second regression, Extractive and Plantation identities are highly significant. Being a former Portuguese colony, being located in South/Central American or Caribbean and the length of colonial duration are all significant. British, French and Spanish identities, location in Africa and GDP per capita in 2010 are not significant. Extractive colonies are less likely to have trade deals, which is consistent with its hypothesis. Plantation colonies are also less likely to have trade deals, which is inconsistent with its hypothesis. Portuguese colonies are not more likely to have a trade deal, which is inconsistent with the hypothesis. South/Central American and Caribbean states are more likely to have a trade deal, which is consistent with the hypothesis. The length of colonial duration is positively correlated with having a trade deal, which is consistent with the hypothesis. The results are laid out in Table 5.

In the third regression, French, Portuguese and Spanish identities, location in South/Central America or the Caribbean, as well as GDP per capita in 2010 and the year an agreement was signed are all highly significant. British, Extractive and Plantation identities are
not significant. French colonies are more likely to have fewer restrictions, which is consistent with its hypothesis. Portuguese colonies are more likely to have more trade restrictions, which is consistent with its hypothesis. Spanish colonies, on the other hand, are more likely to have fewer trade restrictions, which is inconsistent with its hypothesis. South/Central American and Caribbean states are more likely to have more restrictions, which is inconsistent with the hypothesis. African states have the same result. States with higher GDP per capita are more likely to have more restrictions, which is consistent with the hypothesis. The later in time a state signed an agreement, the more likely it is to have more restrictions, which is consistent with the hypothesis. The results of this regression are laid out in Table 6.

Finally, in the fourth regression, French, Portuguese and Spanish identities, Extractive and Plantation purposes, location in South/Central America, the Caribbean or Africa, as well as the year an agreement was signed, the percentage of Europeans in the population, the length of colonial duration and the number of years since independence are all highly significant. GDP per capita in 2010 is significant. British identity is not significant. French colonies are more likely to have fewer restrictions, which is consistent with the hypothesis. Portuguese colonies are more likely to have more trade restrictions, which is consistent with the hypothesis. Spanish colonies are more likely to have fewer trade restrictions, which is inconsistent with the hypothesis. Extractive and Plantation colonies are more likely to have more trade restrictions, which is inconsistent with the respective hypotheses. South/Central American and Caribbean colonies are more likely to have more trade restrictions, which is inconsistent with the hypothesis. African colonies are also more likely to have more trade restrictions, which is inconsistent with the hypothesis. The later in time an agreement was signed, the more restrictions it is likely to have.
This is consistent with the hypothesis. Higher percentages of Europeans in the population are correlated with more restrictions, which is inconsistent with the hypothesis. The longer a state was under colonial dominion, the more likely it is to have fewer trade restrictions, which is consistent with the hypothesis. The longer a state has been independent, the more likely it is to have more trade restrictions. This is consistent with the hypothesis. States with higher GDP per capita are more likely to have fewer trade restrictions, which is inconsistent with the hypothesis.

The results are laid out in Table 7.

The tables are on the following four pages.
### Table 4: Which States Have Trade Deals? (N = 137)

<table>
<thead>
<tr>
<th>Parameter</th>
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<th>Standard Error</th>
<th>P-value</th>
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<tbody>
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<td>-1.619</td>
<td>.622</td>
<td>.009**</td>
</tr>
<tr>
<td>French</td>
<td>-1.886</td>
<td>.729</td>
<td>.010**</td>
</tr>
<tr>
<td>Portuguese</td>
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<td>.011**</td>
</tr>
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<td>.963</td>
<td>.001**</td>
</tr>
<tr>
<td>Extractive</td>
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<td>.671</td>
<td>.001**</td>
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<td>Plantation</td>
<td>-1.550</td>
<td>.530</td>
<td>.003**</td>
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<tr>
<td>South/Central America and the Caribbean</td>
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<td>.696</td>
<td>.006**</td>
</tr>
<tr>
<td>Africa</td>
<td>.511</td>
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<td>.360</td>
</tr>
<tr>
<td>GDP per capita 2010</td>
<td>.000</td>
<td>.000</td>
<td>.768</td>
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Table 5: Which Former Colonies Have Trade Deals? (n = 119)

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<tr>
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<td>.792</td>
</tr>
<tr>
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<td>.031</td>
<td>1.015</td>
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<td>.736</td>
<td>.010**</td>
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<tr>
<td>Plantation</td>
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<td>.574</td>
<td>.016**</td>
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<tr>
<td>South/Central America and the Caribbean</td>
<td>1.478</td>
<td>.770</td>
<td>.055*</td>
</tr>
<tr>
<td>Africa</td>
<td>.956</td>
<td>.597</td>
<td>.109</td>
</tr>
<tr>
<td>GDP per capita 2010</td>
<td>.000</td>
<td>.000</td>
<td>.526</td>
</tr>
<tr>
<td>Colonial Duration</td>
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<td>.002</td>
<td>.065*</td>
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Table 6: How Many Restrictions? All States (n = 61)

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<th>Parameter</th>
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<td>.015**</td>
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<td>.000**</td>
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<tr>
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<td>.000**</td>
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Table 7: How Many Restrictions? Former Colonies (n = 47)

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<tr>
<td>Years Independent</td>
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DISCUSSION

Except for the first model, the British effect does not appear to be significant insofar that Britishness alone is responsible for trade deals or trade restrictions. However, the fact it is significant in the first model indicates that being a former British colony makes it less likely that a state will have a trade deal when compared to other former colonies and never colonized states alike. The reason it is not significant in the other cases may be due to the sheer number and diversity of former British colonies; they include large swaths of territories and purposes in the data set. The more diverse the sample is, the less important individual factors relating to rule of law, culturally competent education or historic openness to trade seem to be. Or, conversely, the level of independence former British colonies had regarding their respective economies enabled them to continue functioning without needing to reinvent the wheel upon independence.

Additionally, because former British colonies are a large category, each colony becomes less competitive, which might make it less likely for the EU to prioritize creating a trade deal with them. In other words, the uniqueness of the British Empire makes it more difficult to prescribe a singular effect upon it.

The relative irrelevance of the British effect makes the fact that being a former French colony was significant in all but one model that much more noteworthy. As it is, French colonies are less likely to have trade deals when compared to the total population. The effect is insignificant among former colonies. This might be for similar reasons as the irrelevance of the British effect; French colonies are similarly diverse. Former French colonies are the second largest group with a similar level of diversity as former British colonies. However, the French one-size-fits-all approach to colonization might be significant when it comes to trade restrictions,
as French colonies are more likely to have fewer restrictions. This means that the colonies are less likely to engage in protectionist policies, either through necessity or desire. The French system of colonial homogeneity might have lead to a level of economic dependency that results in less restrictive trade between the former metropole and its colonies.

Former Portuguese colonies are less likely to have a trade deal according to both models. This is inconsistent with the hypothesis, therefore nullifying the idea that the EU and former Portuguese colonies embark on trade agreements in order to formalize their more disparate trade relationships. The reverse might hold some truth: due to divergent economic paths, former Portuguese colonies and the EU are more economically independent and do not see as much need to establish trade formalities. This might also be due to the Africa effect; six of the seven former Portuguese colonies are in Africa. However, former Portuguese colonies with trade deals display more restrictions across the board. This is consistent with the hypothesis and seems to signify that Portuguese colonies have a significant number of industries that they aim to protect through trade restrictions.

The Spanish effect is insignificant when it comes to the presence of trade deals among former colonies, but among the total population, former Spanish colonies are less likely to have trade deals. This is inconsistent with the hypothesis and may be because divergent economic paths make former Spanish colonies and their metropole less dependent and therefore less likely to formalize trade relationships through a trade agreement. Former Spanish colonies with trade deals are more likely to have fewer restrictions according to both models. This might be because their industries are established enough that former Spanish colonies are able to prioritize potential gains from trade rather than losses from unprotected industries.
Extractive colonies are less likely to have trade deals when compared with other states, both in the colonies-only and total population models. This is consistent with the hypothesis as the industries in an extractive colony were based around the removal of raw materials or natural resources, which did not involve the foresight that plantation colonies needed. Therefore, there is less need for an extractive colony to lobby for formal trade deals in order to understand the amount of a product they need to produce. Another reason why extractive colonies are less likely to have a trade deal might be the level of infrastructure; on a structural level, the areas in which an extractive colony was invested in was limited to more efficient resource extraction, not in the construction of a stable political system. However, this contradicts the finding that extractive colonies are more likely to have more restrictions if they have a trade agreement. This indicates that there are industries in which the extractive colony wishes to protect from EU competition.

However, the hypothesis that plantation colonies were more likely to have a trade deal because they needed to know how much of a good to produce turned out to be false: plantation colonies are less likely to have trade agreements than other states, according to both models. This might be for similar reasons as to why extractive colonies are less likely to have trade agreements, namely that they lack the infrastructure with which to lobby for trade agreements. Again, similar to the findings for extractive colonies, plantation colonies with trade deals are more likely to have more restrictions when compared to trade deals with other former colonies. This indicates that they have industries they wish to protect more than they want to prioritize unfettered access to the EU free market.

Although South/Central America and the Caribbean have many plantation colonies, it is more likely to have a trade deal in both models. This might be because the sample also contains
many settler colonies, which are presumed to have strong relationships with the metropole that they seek to formalize through trade agreements as well as a higher level of internal development with which to do so. South/Central American and Caribbean states are also more likely to have more restrictions in their trade deals according to both models, which might be accounted for by the prevalence of settler colonies with industries to protect in combination with the plantation effect.

The Africa effect holds no significance when it comes to the likelihood of an African state having a trade deal, but it does increase the likelihood that an African state will have more trade restrictions when compared to the states in both models. This contradicts the hypothesis, which assumed that African states would prioritize access to the free market over protecting burgeoning industries. This might be due to a correlation between which African states have trade agreements and their respective levels of development when compared to other African states.

Similar to the Africa effect, a higher GDP per capita does not increase the likelihood of a state having a trade deal. However, states with a higher GDP per capita are more likely to have more restrictions among all states with trade deals while they are more likely to have fewer restrictions when compared only to former colonies with trade deals. This indicates that, for non-colonies with trade deals, a higher GDP per capita indicates the presence of industries that the non-colony prioritizes the protection of over access to the free market. Conversely, former colonies with a higher GDP per capita and a trade deal are more likely to have fewer trade restrictions, indicating that they prioritize access to the free market over the protection of specific industries. As a higher GDP per capita is correlated with fewer restrictions, colonial dependency
is unlikely to be the culprit. States with a higher GDP per capita are assumed to have more robust economies, so the relationship between the EU and these states leans more towards equal footing than a continuation of exploitative colonial practices.

The findings for both hypotheses about colonial duration—that a longer colonial duration is positively correlated with the existence of a trade agreement and fewer restrictions—were consistent. This indicates a higher level of enmeshment, as the economies of the former colonies and colonizers would be more dependent on each other the longer they were in such a relationship. Thus, securing a trade deal would be a priority for all parties involved, as it would secure a commitment to trade that more closely mimicked the one that existed during colonial times. The dependency principle also helps explain why longer duration is correlated with fewer restrictions, as states prioritize access to the free market over protection for certain industries.

For both models, the date of trade deal signature is positively correlated with more restrictions. This is consistent with the hypothesis and indicates that the later in time an agreement was finalized, the more likely the member states are to assert protectionism. This might be because more complicated agreements—those with restrictions that needed to be negotiated—took longer to finalize. It might also be because the later in time an agreement was signed, the more globally connected the states involved were. Finally, it might also be because the negotiators learned from previous trade agreement negotiations, which gave them a better sense of what protections to fight for in order to better serve their state’s economic interests.

The percentage of people of European descent upon decolonization is positively correlated with restrictions: the more Europeans, the more restrictions a trade deal is likely to have. This is inconsistent with the hypothesis, as it was assumed that the greater the presence of
Europeans in the population, the more stable its institutions would be and thus the more developed its economy would be. This development would lead to more equal footing between trading partners, in which the non-EU state would be able to prioritize benefits from free market access over protecting vulnerable industries. Additionally, the higher percentage of European settlers, the more enmeshed the relationship would be between the former colonizers and colonized. However, the fact the findings indicate the opposite seem to point at a relationship in which the former colony prioritizes protection over free market access, indicating a less dependent relationship. It might be the case that states with a higher percentage of Europeans are sufficiently developed that they are able to assert more protections, as they are not stuck in a state of colonial dependency nor are they on more equal footing.

Finally, independence and trade restrictions are positively correlated. This means that the longer a state has been independent, the more likely it is to have more trade restrictions. This is consistent with the hypothesis and seems to indicate that time enabled former colonies and colonizers to detangle their industries. This meant that former colonies were able to develop industries separate from colonial influence, resulting in a desire to prioritize protectionism over free market access.
CONCLUSION

The impact of European colonialism on a former colony’s internal growth is a thoroughly researched concept. However, researchers disagree on which factors hold the most significance in the development of colonial legacies. Some argue that colonial purpose determines what a colony looks like today, while others argue the identity of the colonizer is what shaped many modern states. Others postulate that colonial duration, or how long a colony was a colony, is the most significant determinant of internal development. However, research into the impact of European colonialism on contemporary economic relationships between former European colonies and their colonial powers, measured by the presence of trade agreements and how many restrictions found within them, has yet to be researched extensively.

It was anticipated that identity, developmental and institutional variables would hold some significance in the correlation between states, the existence or absence of a trade agreement and the number of trade restrictions therein. First, running a large-N regression among non-colonies with trade agreements and former colonies regardless of trade agreement status demonstrated that British, French, Portuguese and Spanish identities are negatively correlated with the presence of trade agreements. Extractive and plantation colonies are also negatively correlated with trade agreements. Being located in South/Central America or the Caribbean is positively correlated with having a trade agreement.

When the first regression was isolated to only former colonies, the results changed. Now, only Portuguese colonies are negatively correlated with trade agreements. Extractive and plantation colonies are still negatively correlated just as location in South/Central America and
the Caribbean is positively correlated. Additionally, colonial duration is positively correlated with the existence of a trade agreement among former colonies and the EU.

When it comes to the number of restrictions among states with trade agreements, French and Spanish colonies are negatively correlated with higher numbers of restrictions. On the other hand, Portuguese colonies are positively correlated with higher numbers of restrictions. Here, being located in South/Central America, the Caribbean or Africa means a state is more likely to have a high number of trade restrictions. States with a higher GDP per capita are more likely to have more trade restrictions. Finally, the later in time a trade agreement was signed, the more likely it is to have a high number of trade restrictions.

When comparing the number of trade restrictions among trade agreements with only former European colonies, French and Spanish colonies are negatively correlated with high numbers of trade restrictions. Portuguese colonies are positively correlated with the presence of more restrictions. Both extractive and plantation colonies are positively correlated with the presence of more restrictions, as are a state’s location in South/Central America, the Caribbean or Africa. However, here GDP per capita is negatively correlated with high numbers of trade restrictions. The later an agreement was signed, the longer it was independent and the higher percentage of European settlers upon independence are all positively correlated with larger numbers of restrictions. On the other hand, colonial duration is negatively correlated with the number of trade restrictions among former colonies with trade deals.

These results expand upon existing postcolonial research by illuminating the identity, developmental and institutional factors that are related to the presence of trade agreements between former colonies and the European Union as well as the number of trade restrictions.
within these deals. This research helps elucidate the contemporary economic relations between former colonies and colonizers. Future studies can continue tease out specific distinctions between direct and indirect rule, the manner in which decolonization occurred, contemporary levels of development and the numbers of restrictions among specific categories of trade in order to gain an even more detailed understanding of the postcolonial legacies between former European colonies and the European Union.
APPENDIX
All trade agreements were accessed from the European Commission’s Trade Agreements webpage. They are as follows:

Agreement between the European Economic Community and the Kingdom of Norway
Agreement between the European Economic Community and the Republic of Iceland
Agreement between the European Economic Community and the Swiss Confederation
Agreement Creating an Association between the Republic of Turkey and the European Economic Community
Agreement establishing an Association between Central America, on the one hand, and the European Union and its Member States, on the other
Agreement establishing an Association between the European Community and its Member States, of the one part, and the Republic of Chile, of the other part
Agreement on Partnership and Cooperation establishing a Partnership between the European Communities and their Member States, of one part, and the Russian Federation, of the other part
Association Agreement between the European Union and its Member States, of the one part, and Ukraine, of the other part
Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part
Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and the Republic Of Moldova, of the other part
Comprehensive Economic and Trade Agreement (CETA) between Canada, of the one part, and the European Union and its Member States, of the other part

Economic Partnership Agreement Between The CARIFORUM States, of the one part, and the European Community and its Member States, of the other part

Economic Partnership Agreement between the East African Community Partner States, of the one part, and the European Union and its Member States, of the other part

Economic Partnership Agreement between the European Union and its Member states, of the one part, and the SADC EPA States, of the other part

Economic Partnership Agreement between the West African States, the Economic Community Of West African States (ECOWAS) and the West African Economic And Monetary Union (UEMOA), of the one part, and the European Union And Its Member States, of the other part

Economic Partnership, Political Coordination and Cooperation Agreement between the European Community and its Member States, of the one part, and the United Mexican States, of the other part

Enhanced Partnership and Cooperation Agreement between the European Union and its Member States, of the one part, and the Republic of Kazakhstan, of the other part

Euro-Mediterranean Agreement establishing an Association between the European Community and its Member States, of the one part, and the People’s Democratic Republic of Algeria, of the other part
Euro-Mediterranean Agreement establishing an Association between the European Communities and their Member States, of the one part, and the Arab Republic Of Egypt, of the other part

Euro-Mediterranean Agreement establishing an Association between the European Communities and their Member States, of the one part, and the State of Israel, of the other part

Euro-Mediterranean Agreement establishing an Association between the European Communities and their Member States, of the other part, and the Hashemite Kingdom of Jordan, of the other part

Euro-Mediterranean Agreement Establishing An Association between the European Community and its Member States, of the other part, and the Republic of Lebanon, of the other part

Euro-Mediterranean Agreement establishing an Association between the European Communities and their Member States, of the one part, and the Kingdom Of Morocco, of the other part

Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Tunisia, of the other part

Free Trade Agreement between the European Union and its Member States, of the one part, And the Republic of Korea, on the other part

Interim Agreement establishing a framework for an Economic Partnership Agreement between the Eastern and Southern Africa States, on the one part, and the European Community and its Member States, on the other part

Interim Agreement with a view to an Economic Partnership Agreement between the European Community and its Member States, of the one part, and the Central Africa Party, of the other part
Partnership and Cooperation Agreement between the European Communities and their Member States, of the one part, and the Republic of Armenia, of the other part

Partnership and Cooperation Agreement between the European Communities and their Member States, of the one part, and the Republic of Azerbaijan, of the other part

Partnership and Cooperation Agreement between the European Union and its Member States, of the one part, and the Republic Of Iraq, of the other part

Stabilisation and Association Agreement between the European Communities and their Member States, of the one part, and Bosnia and Herzegovina, of the other part

Stabilisation and Association Agreement between the European Communities and their Member States, of the one part, and the former Yugoslav Republic of Macedonia, of the other part

Stabilisation and Association Agreement between the European Communities and their Member States, of the one part, and the Republic of Montenegro, of the other part

Stabilisation and Association Agreement between the European Communities and their Member States, of the one part, and the Republic of Serbia, of the other part

Stabilisation and Association Agreement between the European Union and the European Atomic Energy Community, of the one part, and Kosovo, of the other part

Stepping Stone Economic Partnership Agreement Between Ghana, of the one part, and the European Community and its Member States, of the other part

The Stepping Stone Economic Partnership Agreement between Côte D'Ivoire, of the one part, and the European Community and its Member States, of the other part

Trade Agreement Between The European Union And Its Member States, of the one part, and Colombia, Peru and Ecuador, of the other part
REFERENCES


