

1 Historical States, Imperialism, and Development

Western Europe and North America have been commonly associated with economic development, a multifaceted process which manifests itself in high levels of income, productivity, consumption, investment, education, life expectancy, employment, etc. All these are factors which make for a better life. Many of these outcomes have been attributed to the existence of good institutions, in particular the existence of democracy, which encourages investment by safeguarding property rights, the efficient allocation of resources through the free flow of ideas, and incentivizing governments to make good policy decisions given the threat of not being re-elected (Przeworski, 2012).

Other studies in political science and economics attribute such economic outcomes to the institutions that were created by historical empires. For example, some scholars contend that historical states such as the Habsburg Empire, a political entity which governed parts of Western and Central Europe for over four centuries, facilitated trust in government institutions and enforced rules and property rights. These in turn provided the “cultural and legal underpinnings for groups to achieve mutually productive outcomes” (Becker *et al.*, 2016, p. 41). Other empires which governed in Europe for a similar amount of time, such as the Ottomans, are associated with negative economic outcomes (Dimitrova-Grajzl, 2007; Grosjean, 2011; Kuran, 2012). Scholarship investigating why the Middle East lagged behind Western Europe focused on a variety of Islamic legal institutions which blocked the emergence of some of the features of modern economic life. These have to do with inheritance of property, lack of trade organizations, lack of impersonal exchange, etc. (Kuran, 2012). Research examining specifically the legacies of the Ottoman Empire also discussed the role of the prohibition of interest lending (Grosjean, 2011) or the delay in the adoption of the printing press (Popescu and Popa, 2022) as key factors explaining developmental outcomes in Ottoman successor states. The focus on the legacies of these two empires rests on the assumption that they had institutions which were homogeneously enforced within their territory. The empirical reality, however, reveals a more nuanced picture: patterns of

economic versus under-development do not start at the border of these two empires.

The legacies of the Habsburg and Ottoman empires in Central and Southeast Europe have long been studied and debated. Historians have argued that development in terms of urbanization and industrialization diffused from north-west to south-east in the Danube region (Good, 1984; Pollard, 1986) and economic historians of Austria-Hungary show persistent gaps and lack of convergence between the lands of Central Europe (Cvrček, 2013; Klein *et al.*, 2017; Schulze, 2007). One of the main factors explaining under-development in the eastern and southern regions of the Habsburg Empire is geography, particularly low population density and lack of urban concentration. Both were – in large part – legacies of Ottoman rule and extensive warfare between rival imperial powers during the early modern period. Less attention has been paid to the lasting developmental consequences of these historical patterns. One common way of visualizing such persistent effects has been through the use of nighttime satellite luminosity (Henderson *et al.*, 2012). This measure gained momentum in economic and political science in the absence of accurate official statistics or more conventional data including national or regional GDP, and has the added advantage of having very fine-grained data which is highly comparable across time and space (Donaldson and Storeygard, 2016). Satellite luminosity has been utilized as a way to examine the effects of pre-colonial ethnic institutions (Michalopoulos and Papaioannou, 2013), historical state-building efforts (Mattingly, 2017), or of pre-colonial conflict exposure (Dincecco *et al.*, 2022), etc. The superimposition of nighttime satellite luminosity over historical borders reveals some interesting regional asymmetries which go beyond the presumed dichotomies: the Habsburgs had good institutions which contributed to higher economic outcomes and the Ottomans had bad institutions which help explain lower developmental outcomes today.

Figure 1.1 displays patterns in regional luminosity pertaining to the Habsburg successor states: the north of the Habsburg Empire corresponding to Poland, Czechia, and Slovakia seems to be much more luminous compared to Habsburg successor states like Romania, Serbia, and Croatia. If we focus on the southern borderlands of the former Habsburg Empire, we see further evidence for divergent development at the regional level, too. Within modern-day Croatia, in particular, the south appears significantly less developed than the north. Even though this may reflect several confounding factors, I will demonstrate throughout this book that this pattern is the legacy of a peculiar historical institution – the Habsburg (or Austrian) military frontier. This is a buffer area which the Habsburgs created in 1553 in order to defend themselves

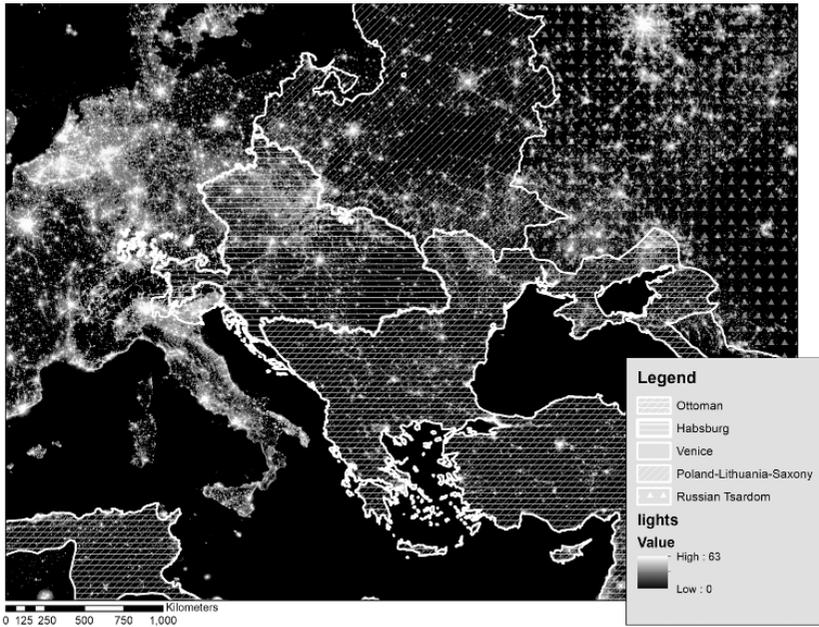


Figure 1.1 Political borders in 1739 and satellite luminosity in 2013

against an inimical neighboring state, the Ottoman Empire. As the Habsburg armies gradually forced the Ottomans out of Hungary, the military frontier expanded, stretching through the territory of modern-day Croatia, Serbia, and Romania. The frontier remained in place in different forms until the second half of the nineteenth century (Ferguson, 1954; Lesky, 1957; Rothenberg, 1960a, 1960b). The buffer zone in the Habsburg military frontier zone acquired the name of the Habsburg military colony.

Military colonialism was not unique to the Habsburg Empire. As a definition, military colonialism was a widespread cost-effective method for territorial protection that many states adopted, including the Russian, French, and Roman empires. This method entailed the forceful recruitment of people located on the border of the state and their engagement in military activities for the defense of the state (Isaac, 1988; Pipes, 1950; Sumner, 1949). Within the Habsburg military colony, landed elites were removed and the local population forced to live under a strict communal property rights regime. To keep them subservient and keep expenditures low, the Habsburg state made very few investments in infrastructure (Blanc, 1957; Rothenberg, 1966). Similarly, people in the

military colony were exposed to some violence including beatings and torture for disobeying the imperial authorities. At the same time, they were free from the feudal yoke that constrained the lives of the enserfed peasantry in the rest of the empire until the early 1800s (O'Reilly, 2006), while village communities in the military colony were self-sufficient.

Despite the formal abolition of the military colony in Croatia and Slavonia in 1881, and in Transylvania and the Banat almost three decades earlier, some of the institutions that were formally enshrined in law became informal and continued to exist. They outlived both the military colony and the Austro-Hungarian Empire itself. For example, while land inequality and an increasingly large landless rural proletariat characterized the economy of imperial Hungary after the abolition of serfdom in 1848, an equitable distribution of land and large communal properties remained predominant in the former borderlands. This went hand in hand with limited access to public goods, which can be observed to the present day. Public goods are goods that users cannot be excluded from accessing. At the same time, use by one person does not prevent access of other people or does not reduce availability to others (Oakland, 1987). Generally, examples of public goods include law enforcement, national defense, rule of law, access to clean air, (government-provided) roads, and schools. In the case of the legacy of the military colony, limited public goods can be observed when it comes to density of roads and railroads, historical access to hospitals, access to schools, and access to water and sanitation in the present day.

Similarly, the legacy of these institutions can also be traced at the level of political attitudes and social norms. These are transmitted over generations vertically from parents to children and can still be observed in differences right across the historical border. Such attitudes take the form of higher trust in family members and lower trust in outsiders. These are caused by exposure to communal properties which entailed segmentation across family clans and low inter-clan interaction. Equally, the violence and abuses exercised by the imperial government limited the ability of locals to participate politically, which is why locals are less likely to sign petitions and to participate in demonstrations. I demonstrate the persistence of such norms using historical data from qualitative primary and secondary sources as well as historical and modern statistical material. The quantitative results obtained from modern surveys are compatible with historical accounts by travelers and Habsburg bureaucrats that described the low level of social capital as a product of exposure to military colonialism. As such, the alienation from the state in modern times has historical roots. The results and the mechanisms of transmission shed new light on the relationship between centralized states and civil society. Unlike previous accounts according to which strong

centralized states and village intermediation can have positive effects on long-term development (Dell *et al.*, 2018), the Habsburg example demonstrates a more sinister side to this relationship. Despite working with local villages, which would in principle empower local communities, the patron–client relationships between the center and the periphery negatively affected development. This has to do with the creation of a civil society which is much more trusting of family members and distrusting of outsiders.

The historical literature on the Habsburg Empire concentrated on some political and economic factors contributing to lower economic outcomes. Such factors include the dissolution of the empire or the effects of imperial external borders. For example, a vast literature focused on the negative impact of its dissolution and made propositions to reintegrate the successor states (Hodža, 1942; Jászi, 1929; Schacher, 1932). Economists writing after World War I (Hertz, 1947; Macartney, 1937; Pasvolsky, 1928) and historians since (Bachinger and Lacina, 1996; Berend, 1998; Berend and Ránki, 1960; Feinstein *et al.*, 2008; Karner, 1990; Mosser and Teichova, 1991) have recurrently emphasized the economic penalties of political fragmentation in Central Europe. Recent studies challenged the traditional view of economic integration and convergence within the empire and the damage that successor states suffered after its dissolution (Berger, 1990; Cvrček, 2013; Schulze, 2007; Schulze and Wolf, 2011; Wolf *et al.*, 2011). Older and newer monographs are at odds over the political viability of the Habsburg monarchy in the nineteenth century (Judson, 2016; Taylor, 1948). More generally, however, the literature on the legacies of the Habsburg Empire focuses extensively on the external borders of the empire and the new borders codified in the peace treaties that followed World War I. As such the historical literature pays less attention to the more complex legacies of internal borders within the Habsburg monarchy such as those around the former military colonies. Thus, the book highlights important legacies of well-documented historical institutions that largely eluded researchers and can inspire a more complex understanding of how historical borders affected local institutions and constrained nation building.

This book speaks to a large literature on legacies of colonialism. The comparison between Western colonialism and Habsburg military colonialism is justifiable for a variety of reasons. On the most basic level, generations of historians who studied the Habsburg military frontier utilized the term “colonialism” to refer to the Habsburg military frontier in English (Rothenberg, 1960a, 1960b, 1966; Wessely, 1973), in French (Blanc, 1957; Boppe, 1900; Perrot, 1869), or in German (Kaser, 1997; Vaníček, 1875a). On a more abstract level, there are a few additional reasons justifying such a comparison.

First, on a conceptual level, the basic institutional framework of the Habsburg military frontier matches closely the definition of colonialism proposed by philosophers. For example, Kohn and Reddy (2017) define colonialism as the “practice of domination, which involves the subjugation of one people to another.”¹ Sociologists provide more specific definitions indicating that colonialism “entails settlement and institutional transplantation” (Mahoney, 2010, p. 23). Others use the term colonialism to describe dependencies that are directly governed by a foreign nation and contrast this with imperialism, which involves indirect forms of domination. Irrespective of the finer conceptual nuances, colonialism has existed since ancient times. The Greeks, the Romans, or the Ottomans are famous examples of states which set up colonies (Kohn and Reddy, 2017). With the advancement of sailing technology, colonialism and imperialism, have become terms used to refer closely to the process of European settlement and political control over the rest of the world, including the Americas, Australia, and parts of Africa and Asia. Closely related to colonialism, imperialism is also a “process that involves growing control of one state over another state or *people*” (emphasis added) (Kohli, 2020, p. 7). However, as Kohn and Reddy (2017) contend, “colonialism is not restricted to a specific time and place.”

The second reason why the comparison with Western forms of colonialism is justifiable has to do with the stark distinctions that the Habsburg Empire made between the capital and people in the periphery. The subjects who were exposed to military colonial institutions were a distinct socio-legal category, in a similar way to many other cases of Western colonialism. Military colonists were formally called *grenzer* or *graničari* and were controlled by generals sent from Vienna, who were often perceived as “foreign,” contributing to the stark de jure and de facto distinction between the center and the periphery. Hence, the relationship between Vienna and locals in the Habsburg frontier is compatible with John Stuart Mill’s understanding of colonialism (Mill, 1861): a despotic government by outsiders which can lead to injustice and economic exploitation. The injustice and exploitation can take place through two mechanisms. First, external imperial delegates are unlikely to have the knowledge of local conditions and therefore would be unable to adopt effective public policies. Second, given the potential cultural, linguistic, and religious differences, the non-local imperial representatives are less likely to empathize with locals.

¹ Kohn and Reddy (2017) argue that there is extensive conceptual overlap between colonialism and imperialism, that latter involving “political and economic control over a dependent territory.” However, they do contend that the distinction between colonialism and imperialism is not clear or consistently made in the literature.

Finally, the most important reason why the term “colonialism” can be used for the Habsburg military frontier has to do with the fact that military colonies constituted a model for the institutional framework developed by Western empires overseas. The French intellectual and military elites were discussing the suitability of adopting the Habsburg military colonial model to ensure the protection of the French settlers from belligerent local tribes. In Chapter 7, I provide an extensive qualitative analysis of the different French discourses focusing on the adoption of Habsburg military colonies to ensure the protection of their territories overseas. The French imperial elites in the early 1800s used the term “colonialism” both in reference to their project in Algeria and to the Habsburg military frontier giving further credence to comparisons between European empires and Western imperial territories overseas. More importantly, such elite discussions provide valuable insights indicating that some of the institutions that Western empires adopted in their territories overseas in fact had their roots in Europe. Therefore, sea-based and land-based empires have more common ground than might have been suggested by some scholars (Barkey, 2008).

I contend that settlements on the Habsburg frontier are expressions of both imperial and colonial enterprises. Having people exposed to institutions dictated by the center which entail removal of property rights, living within a communal property rights regime, and having to show up for battle and do military patrol are indeed the expression of exerting control over a population. At the same time, living in settlements dictated by military generals sent by the center or having to move to a new military settlement are also examples of colonialism.

Given the institutional similarities between cases of Western colonialism and the Habsburg military frontier, it is worth investigating whether some of the empirical regularities that some scholars identified for the former also hold for the latter. This is relevant when it comes to long-term effects of historical limited provision of public goods, specific property rights arrangements, and historical exposure to violence. These are the three broad categories that much of the social science empirical research would fall under.

A variety of studies in the social sciences, including political science and economics, suggest that historical colonial experiences undermine access to public goods and economic development more generally (Dell, 2010; Guardado, 2018; Kohli, 2020; Lowes and Montero, 2021). For example, Dell (2010); Guardado (2018) contends that forced labor conscription together with the sale of offices by the Spanish crown in Latin America to incompetent governors are two important factors contributing to under-development in the region. Lowes and Montero (2021) also focus on one aspect related to labor conscription which has to do with the

exertion of violence in Africa and how that was the basis for lower trust in the authorities, which in turn caused collective action problems, further undermining economic development. More recent works, however, have found that under certain circumstances, historical colonialism can in fact be associated with positive economic outcomes, despite colonialism being an immoral practice of subjugation, and despite many locals having lost their lives in the fight against the colonial oppressors. For example, Donaldson (2018) discusses and finds strong empirical evidence that British investments in transportation infrastructure projects aimed at facilitating further extraction contributed to decreased trade costs and increased real price gaps. Mattingly (2017, p. 435) also finds positive effects in China associated with Japanese colonization, which include persistent increases in schooling, health, and bureaucratic density as a result of “considerable investments in local state institutions.” Dell and Olken (2020) identify positive consequences associated with the construction of sugar cane factories in Dutch Indonesia which were aimed at processing sugar cane and transporting it to the capital. Such positive effects include provision of public education for locals, better transportation infrastructure, and a lower likelihood of work in agriculture. Recent studies on the economic history of colonialism, both in Africa and Asia, have presented more balanced accounts of legacies of colonization (Frankema and Booth, 2019; Gardner and Roy, 2020; Kohli, 2020).

This book engages directly with this literature by focusing on extractive institutions, typical for Western colonialism in the global south, which allowed the imperial elites to oppress and exploit their subjects. Extractive institutions are arrangements which cement the authority of one group to impose law and order at the expense of another. They contrast with inclusive institutions, which involve a wide stratum of society in economic and political life (Acemoğlu and Robinson, 2012). The book also contributes to debates on state formation (Boix, 2015; Dincecco, 2011; Fabbe, 2019; Herbst, 2000; Migdal, 1988; North *et al.*, 2009; Tilly, 1990), social capital (Putnam, 2000; Putnam *et al.*, 1993), and the function and legacies of borders (Scott, 2010).

On a theoretical level, this research provides a conceptual framework for how we should think about legacies of colonialism using an interdisciplinary approach. Colonialism is indeed a deplorable practice whereby a stronger agent takes over a weaker agent usually for economic gain. The theoretical framework does not ever make colonialism normatively good even if the consequences associated with it can be economically good. In other words, the goal of the theoretical framework is never to exonerate the abuses, violence, and killings that many

Western empires utilized as part of their colonial enterprises but rather to provide a lens through which to analyze the conditions under which imperialism affects development, drawing insights from both economics and political science. I posit that developmental consequences are largely contingent on imperial investment, the transformation of local society under changing property regimes, and the presence of physical coercion. By deconstructing extractive institutions in this manner and investigating their impact on development, the proposed theoretical framework fills a void in the empirical literature and helps explain the mixed results it has offered. Benefiting from a historical case study richly documented in primary and secondary sources, the book illustrates how these colonial interventions and their developmental impact evolved in the process of historical change. This motivates the chronological structure of the narrative, which begins in the era of military colonialism itself, followed by its immediate aftermath, and finishes with persistent legacies.

Some scholars classified colonialism based on whether the dominant unit governed directly or indirectly (Gerring *et al.*, 2011; Iyer, 2010; Mamdani, 1996). Direct rule depended on an integrated state apparatus, the dismantling of preexisting political institutions, and the construction of centralized, territory-wide, and bureaucratic legal-administrative institutions that were controlled by colonial officials. Indirect rule on the other hand was a form of colonial domination via collaboration with indigenous intermediaries who controlled regional political institutions. At the same time, scholars such as Doyle (1986) and Lange (2009) make the distinction between direct and indirect rule based on the origin of the political agents: direct rule entails the appointment of executive agents appointed by the center and who are not born in the area where they are appointed. While there can be some level of delegation at the very bottom of the political hierarchy, if above the local power holders there are still imperial authorities in place, then that would still be an example of direct rule. The Habsburg military colony entailed some amount of delegation of power to local power holders. For example, until 1754, locals could choose their own magistrates and captains, which meant that the Habsburgs used indirect rule to some extent. However, if we follow the definition proposed by Doyle (1986) and Lange (2009), the presence of imperial authorities who control and manage local leaders, together with the highly centralized decision-making of the Habsburg Empire, would indicate that the military colony should be regarded as a direct form of rule.

Irrespective of the direct–indirect rule distinction, much of the literature takes colonialism as a monolithic concept, assuming that it was homogeneously enforced throughout the subordinate state's territory. In

other words, such literature pays less attention to the possibility that colonialism could be asymmetrically enforced throughout a country's territory. In addition, due to the exclusive focus on the effect of Western colonialism on non-Western states, the literature ignores that colonialism could be applied within the territory of the dominant state. One such example is military colonialism, which consisted of extracting labor from a designated territory and subjecting local populations to forced conscription. While originally, people might have had a choice about whether to be part of the designated territory of the military or not, this changed with time; thus, being part of the military colony was no longer a choice.

In problematizing extractive institutions and unpacking them in the Habsburg historical context, the book goes beyond mainstream interpretations of colonialism that draw primarily on the experience of Western imperialism in the non-European world. My narrative reveals that some of the colonial institutional practices commonly attributed to overseas imperialism had their roots in historical institutions within Europe. Extractive institutions can be associated with positive developmental outcomes when they entail substantial investment in local infrastructure and the protection of individual property rights. Positive examples include the case of forced labor in sugar factories in nineteenth-century Dutch Indonesia (Bosma, 2007; Dell and Olken, 2020) and forced labor in the construction of public works in Japanese Korea before World War II (Kohli, 2004). Sometimes, however, extractive institutions can thwart development when they generate violence (Mukherjee, 2018, 2021), remove or weaken property rights, and neglect public investment, as in the use of forced labor for rubber extraction in the Congo Free State in the late nineteenth century (Frankema and Buelens, 2013; Lowes and Montero, 2021), or under the forced labor regimes in silver mines of Spanish colonial Peru and Mexico (Brading and Cross, 1972; Dell, 2010).

Given that development is the outcome of interest in most of the analyses in this book, it is important to define it. Following Amartya Sen, development can be defined as “the expansion of ‘capabilities’ of people to lead the kind of lives they value – and have reasons to value” (Sen, 1999, p. 18). Under such conceptualization, development is more of a process which empowers individuals to accomplish the goals that they value. Components of development include wealth in the form of real income, growth of the economy, and the provision of public goods and services, which have the role of providing a basic infrastructure for individuals to create even more wealth. For example, access to education and health facilities further enables individuals to have long and informed lives. These are examples of public goods that are jointly used and where

exclusion is infeasible.² Examples of public goods for joint use and where exclusion is feasible include telephone service, toll roads, cable TV, and electric power. These in turn offer opportunities for individuals to engage in activities which aim to achieve other kinds of freedoms such as democracy (Rueschemeyer *et al.*, 1992). The expansion of public goods will be the focus of this book, specifically understanding its causes and how it covaries with extractive practices.

The book speaks to a wide scholarship in political economy, political sociology, and political science attempting to understand the origins of institutions and how they transfer to attitudes and norms. In political economy, it will add to a growing scholarship focusing on how historical colonial institutions affect the present (Acemoglu and Robinson, 2012; Dell, 2010; Lowes and Montero, 2021). It goes beyond these studies, by exploiting rich quantitative and qualitative evidence to better understand the transmission mechanisms that create these historical legacies. The book is also in conversation with scholars in political sociology in the tradition of Mahoney (2010) and Lange (2009) who problematize the power configuration between the center and the periphery during historical times and how that influenced the subsequent evolution of bureaucracies and state institutions. The book departs from this tradition in two ways. First, in examining the concept of extractive institutions, I enrich their argument by focusing on concrete characteristics of imperial institutions, namely public investment in the periphery, physical violence, and protection/removal of property rights enacted by the imperial government, which could affect development directly. Second, from an empirical point of view, I combine rich historical data with modern analytical approaches to understand why extractive institutions are adopted, how they evolve over time, and how they continue to impact people's lives even after their legal forms have been abolished.

The book is also about historical processes of state formation and their impact on long-run development. As such, it speaks to a vast literature in New Institutional Economics, best known from the work of Acemoglu and Robinson (2012), North and Weingast (1989), and North *et al.* (2009), as it examines the impact of "limited-access orders" and "extractive institutions" and explains why they persist. My approach improves our understanding of how different types of extractive institutions can affect development. It also demonstrates some conceptual similarity with Migdal (1988) in acknowledging the bifurcated structure

² Ostrom and Ostrom (1977) distinguish between exclusion and jointness of consumption as independent attributes of public goods. When it comes to jointness of consumption, public goods can be highly subtractible or nonsubtractible. Public goods can also be infeasible where no practical technique exists for either packaging a good or where the costs of exclusion are too high.

of the state's territory containing the "official" state and "web-like societies" in the periphery.

Military Colonialism: Between State-Making and Extractivism

Military colonialism is an institution which is arguably as old as the state. It was common in the ancient Near East, Egypt, the Greco-Roman world, Byzantine, Han China, Russian, and the Habsburg empires. Extended defense of a long border against an active enemy posed problems for historical states. In many cases, deploying full-time professional troops was demanding for the center in terms of material and human capacity. The peasant-soldier was an economical solution for the historical state to help protect its borders against external threats. Inhabitants of military colonies were self-sufficient (Rothenberg, 1960b): in exchange for their military services they would get a piece of land for their and their family's subsistence³ (Pipes, 1950) and would be relieved of their usual manorial obligations.

Beyond the defense of the border, military colonies were also used as part of the imperial coercive apparatus to ensure the survival of the state. For this reason military colonies resemble other types of coercive apparatuses such as the police, the army, militias, paramilitary troops, etc.: they can support the state in case of threat and they can use violence (Carey *et al.*, 2013; Staniland, 2015). The peasant-soldier was, however, a legal category – dedicating themselves to agriculture and manufacturing in times of peace and to war in times of war. Therefore, the peasant-soldier was neither an adequately trained military, nor an expert farmer (Rothenberg, 1966, p. 65). In the Habsburg case, the soldier was sent to various posts in towns and villages, doing patrol runs between them every eight days in times of peace (Perrot, 1869).

Military colonies differed from modern militias and paramilitaries in the amount of state regulation that governed every aspect of their inhabitants' life (from what type of agriculture they can be engaged in, to what uniforms to wear, and how to submit an official petition). The amount of regulation could very well be the result of the fact that military colonies were typically situated at the border of the historical state. In fact, scholarship on inter-state borders argues: "[b]orderland dwellers are frequently people that have suffered particular and discrete injustices as a result of the border" (Longo, 2018, p. 102). Scholarship in international relations argues that formerly disputed areas at the border have

³ In the Habsburg case the basic allotment could not be sold, leased, mortgaged, or given away (Rothenberg, 1966, p. 27).

lagged in development (Schultz, 2017; Wolf, 2005; Wolf *et al.*, 2011) through discrimination and insecure property rights⁴ (Simmons, 2005).

Conceptually, military colonialism is somewhere on a continuum between state-making and rent-extractivism. The military colony was part of the original *state infrastructure*,⁵ a type of arrangement whereby people would become deferential to the capital (Mukhopadhyay, 2014). This was likely achieved in a three-part process identified by Migdal (1988) and consisting of (1) compliance (control of means of coercion and punishment); (2) participation (organization of local populations for specialized tasks); (3) legitimation (accepting the state's rules and acknowledging that compliance is right). Migdal's (1988) account is also similar to what Tilly (1990) regards as fundamental for the construction of states: coercion, connection, and capital. People in the Habsburg military colony were expected to comply with the directives from Vienna, which essentially meant always being ready to defend the border. It also meant participating in the efforts of the higher military authorities to organize the military regiments effectively and observe the orders of the imperial authorities. Finally, legitimation was gradually achieved by the Habsburgs through a form of delegation of power. In a first instance, local authorities and indigenous leaders were given some recognition precisely to mediate or minimize the possibility of an outright rejection of the Habsburg imperial rule. Local military commanders were elements of state infrastructure whereby power was exerted onto local populations. When Habsburg authorities were considered legitimate enough, the local power holders would be replaced with Habsburg delegates.

Military colonialism is also an example of an extractive institution. As already mentioned, applied economists have investigated the notion of extractive institutions almost exclusively in the context of Western empires extracting resources from their overseas colonies. This is the case in the context of the Spanish extraction of silver from Peru and Mexico (Dell, 2010), extraction of crops such as rubber in the Belgian Congo (Lowes and Montero, 2021), or extraction of sugar cane in Dutch Indonesia (Dell and Olken, 2020). Because the extraction of resources

⁴ The effect has to do with the fact that the settlement left nationals from both states on the "wrong" side of the new border, leaving them politically and economically disadvantaged in their new states. Similarly, disputed areas reduce international trade through the uncertainty over which state's rules and laws govern a given transaction, which reduces the movement of goods (Simmons, 2005).

⁵ I use the term "state infrastructure" to refer to the establishment of an authority influencing the lives and the behavior of those within the state. This notion is inspired by what Mann (2008, p. 355) refers to as the "capacity of the state to penetrate civil society and implement its actions across its territories" or by what Soifer (2008, p. 235) means when he describes infrastructural power as "the set of relationships that link these institutions of control to the local communities they penetrate and to central state elites."

coincides with the notion of forced labor, this leads to what Sartori (1970) would call conceptual overstretching. The concept which appears most frequently, however, in the definitions provided by scholars is that of forced labor (Boone, 2014; Mamdani, 1996), the process by which some higher-order authorities coerce people to be involved in a project designated by the former. Military colonists in the Habsburg Empire were coerced into defending the empire. Hence, what is being extracted are the human resources which the empire deems necessary for the defense of the state. The vast “wild” periphery that constituted the eastern border with the Ottoman Empire was a vital resource in at least two respects. First, it was a buffer zone, padding the Habsburg territory from Ottoman attacks, giving the Habsburg center the time necessary for bringing additional troops to defend the state. Second, it constituted an important source of military human capital: the borderland dwellers in the military frontier constituted an additional military resource in other international Habsburg wars against Prussia or France. As a result, borderland dwellers formed the military capital of the Habsburg state.

Despite being located at the border, the military colonists were different from the state fugitives, as described by Scott (2010). Unlike other border areas such as the Zomia people in Southeast Asia, the military frontier was not home to the fugitive, mobile populations whose mode of existence was intractable to the state. Life in the military periphery was not an alternative to life within the state. Quite the contrary, every small move by borderland dwellers was carefully monitored and ruled by the Habsburg state with the help of the already existing structures of power and hierarchies in place. Living at the periphery meant therefore living within the state, rather than outside of it. While for some, running away from the Ottoman state might have been an option at some point in the early stages of the Ottoman conquest (1400 and 1500s), once they settled within the Habsburg realm, running was no longer an option. Leaving would be considered mutiny and would be severely punished. In other words, while originally military colonists might have had some ability to bargain, this changed when the military colony became institutionalized.

Argument at a Glance

I argue that there are three components or *modus operandi* of extractive institutions that help us understand their effect for long-term development. These go beyond the case of military colonialism, which is why I provide examples of colonial models from other times and geographies. The three components are imperial infrastructural investment, removal of property rights, and the use of violence. The three could also be

considered components of extractivism, processes, or modes of operation for the purpose of achieving the ultimate imperial goal – hegemonic preservation and enrichment through extraction.

In the first case, the imperial center may invest in the “periphery” depending on whether such investment will facilitate even greater extraction. For example, the imperial center may invest in roads, factories, or local education in order to extract minerals or crops even more effectively. This is the case of sugar cane factories in Dutch Indonesia in the mid-nineteenth century, where locals were forced to be involved in the harvesting and processing of sugar cane (Dell and Olken, 2020). Despite coercive labor, locals also benefited from the construction of roads for the easy transportation of sugar cane, and increased literacy for more effective learning of the processing technology. Other types of resources, however, necessitated less investment on the part of the imperial powers. This was the case in the extraction of silver in Latin America between 1500 and 1650 (Brading and Cross, 1972; Dell, 2010) or the extraction of rubber in Belgian Congo (Lowes and Montero, 2021). In both cases, the extraction of such commodities required little investment in infrastructure. In the case of silver extraction, this was mostly done through amalgamation with mercury (Brading and Cross, 1972), which was achievable without much technology. Similarly, in the case of rubber, this was extracted from coagulated tree sap, which could be obtained with a sharp tool (Hochschild, 1999). As such, extractivism in the second case required little investment in roads or processing factories. Similarly, there was no need for an educated labor force beyond the very basic instruction directly relevant for the extraction of the minerals or crops.

The second component of extractive institutions which is relevant for long-term economic development has to do with property rights. In order to create obedient subjects who will take part in the imperial extractivist plans, many empires re-defined property rights completely or partially. In other words, some empires might have altered the ability of locals to access, manage, and/or alienate property, which are crucial elements for property rights, as identified by Schlager and Ostrom (1992). Property rights are important, as they change the incentives of individuals to invest their labor; in situations where there is limited ability to reap the fruit of one’s own labor, there is little incentive to continue to invest, which results in lower levels of income in the long run (Acemoglu *et al.*, 2001). Silver extraction in Latin America is one case with restrictions on the ability of landowners to manage and alienate property. The Spanish colonists who were allocated lands in the New World had restrictions on how large their properties could get. An extreme case of removal of property rights is that of the military colony in Croatia, whereby all the landowners were expropriated. That land was subsequently given

to individual family clans who would control the land under communal property rights for as long as they could support one soldier to defend the border.

The third component is the use of violence. There is no denying that all imperial projects entailed coercion through the simple act of imposing the empire's rule over another political entity. Yet, some empires went further in how extreme such violence was in their extractivist pursuits. Violence is one factor that is known to affect the developmental trajectory of the territory exposed to it. This is through the constant exposure to fear and social stress, which in turn affects the formation of social capital and the overall quality of institutions (Nunn and Wantchekon, 2011). Lowes and Montero (2021) explore how historical exposure to violence leads to more community cooperation in the case of historical forced labor in Belgian Congo. This, however, was still not enough to foster development because of the authoritarian local power structures which have been in place since colonial times (Lowes and Montero, 2021; Mamdani, 1996). In the case of slavery, historical violence led to less trust in community members because the latter were the ones who facilitated other members being sold into slavery (Nunn and Wantchekon, 2011).

All three elements, investment, removal of property rights, and exposure to violence, are part of the "historical treatment" that one should watch out for to investigate the root causes of long-term positive or negative outcomes. In order to trace out the effects of these elements, two additional conditions need to be met: *longevity* and *consistency* of the historical exposure. In other words, in order for a "treatment" to have long-term repercussions, it is important for it to have lasted for a long time and for it not to be mixed with periods where different treatments might have been applied. For example, a system of forced labor is much more likely to have repercussions in the long run if people were exposed to it for centuries as opposed to a decade. Similarly, in order to study long-term effects, it is also important that treatment is internally consistent. In other words, the treatment was not at any point interrupted or combined with other treatments.

It is equally relevant to evaluate what happens to the territory exposed to such historical institutions after the treatment is no longer applied or understanding the so-called "mechanisms of transmission." Simpser *et al.* (2018) discuss the distinction between path-dependent socio-economic processes, determined by some "critical junctures," and long-term individual behaviors. The first ones are "conjunctural causal processes," while the second category focuses on "micro-level persistent cognitions" (Simpser *et al.*, 2018, p. 421). Each one of these informed two different analytical traditions in social sciences that Simpser *et al.*

(2018) label as the Comparative Historical Analysis and the Modern Political Economy approaches respectively. For example, within the first tradition, Mahoney (2010) explores how the profit-focused aspirations of the Spanish Empire led to attempts to colonize regions which already had labor coercive systems in place. Given the hierarchical structures embedded within these systems, this in turn had a negative effect on development. By contrast, places which did not have indigenous labor already available ended up adopting more liberal economic principles in the eighteenth century which reversed their fortunes (Mahoney, 2010). Within the Modern Political Economy approach, Lowes and Montero (2021) explain how the historical forced labor for the extraction of rubber empowered some local elites who developed local power structures and contributed to under-development. In addition, historical violence helped solidify mutual insurance systems, helping locals cope with daily subsistence, which in turn led to greater inter-personal trust and pro-social attitudes.

In this book, I take a more unifying approach in exploring both possibilities: the specific experience with one extractive institution might have brought about both socio-economic processes and cognitions which might have been transmitted over time. Both of these could be visible in the short and long run. Given the experience of the Habsburg Empire with an institution which lasted more than three hundred years consistently and the rich availability of both quantitative and qualitative material, the case represents an excellent opportunity to investigate the transmission of both processes and cognitions in the long run. The empirical results indicate the persistence of under-provision of public goods over time, persistence of socio-economic aspects related to property rights which have to do with communal properties and lack of land inequality, and persistence of attitudes and norms. I test the extent to which different parts of the historical treatment might be correlated with specific norms. Empirical results on norms described in Chapter 6 indicate that having experienced communal properties in the past is associated with stronger family attachment, more distrust of outsiders, and lower willingness to take risks. Having experienced a highly extractive regime in the past is associated with lower involvement in politics including a lower likelihood of participating in demonstrations and a lower likelihood of signing petitions. Finally, cohort analyses indicate a waning effect, with cohorts who were born closer to the historical treatment having stronger feelings. The effect about lower political participation provides clues about the mechanism of transmission for under-provision of public goods: while historically, under-provision of public goods might have been a top-down process whereby the government would intentionally discriminate against borderland dwellers, after the abrogation

of the military colony this turned into a bottom-up process whereby descendants of the borderland dwellers would fail to coordinate politically to signal to the government that they needed more provision of public goods. These effects are robust and cannot be explained by (1) temporal intermediary factors such as World War II, communist collectivization and repression, and Yugoslav wars; (2) structural treatment factors (i.e. the extent to which the border as a physical space explaining the outcomes); or (3) alternative mechanisms including ethno-religious fractionalization and involvement in military affairs.

Why the Habsburg Military Colony?

The Habsburg military frontier is a well-known case within local historiographical literature, but it has remained largely unknown to Western audiences. Despite focusing on this particular example and bringing to light further historical evidence in a coherent framework, I also contribute to the more general question of where political institutions come from, how they develop, and how they get to impact the present. Therefore, I am both careful, on the one hand, with estimating causal effects and tracing them through time within the context of the Habsburg military frontier, and on the other hand, with making relevant analogies with other imperial spaces to gain more leverage on external validity. Therefore, the book offers both an in-depth analysis of center–periphery relations within the Habsburg Empire and more general insights about governance, delegation of power, and institutional legacies.

An important criterion for selecting the case was availability of both historical and modern data. The Croatian military colony was created in 1553 and it was abolished in 1881. A variety of primary and secondary sources exist to this day documenting its inner workings. In Chapter 3, I list some of the most representative primary and secondary works in Serbo-Croatian, German, English, or French. For the quantitative analyses, I also used a variety of censuses in German, Hungarian, and Serbo-Croatian. Most of these documents cover the Croatian part of the military frontier. This is indeed the oldest.

Additional sections were created in what is today Serbia after 1718 and Romania after 1760. Both of them lasted until around 1860, while the Croatian section lasted until 1881. The Croatian one therefore features one important characteristic which makes the study of its effects more likely to yield results – longevity of the “historical treatment.” Additionally, both the Serbian and the Romanian sections of the border contained mixed civilian–military communities, which means that the historical treatment is not consistent: any results from an analysis of the Serbian and Romanian sections could be the effect of potential

quirks of the civilian administration or the results could be attenuated or exacerbated because of the mixing between the military and the civilian communities. Despite the problems of longevity and consistency, I offer cursory descriptions of the circumstances under which the other two sections of the border were created, developed, and ended in Chapter 3.

The Croatian section of the border also contains additional features which make it appropriate for a quantitative analysis aimed at evaluating the causal effects of military colonialism. One of the crucial assumptions behind the regression discontinuity methodology which I describe at length in Chapter 4 is that all factors vary smoothly at the border apart from the treatment. This assumption is necessary in order for the observations across the Habsburg civilian side to be appropriate counterfactuals for the districts in the military region. I perform a variety of statistical tests to evaluate the plausibility of this assumption including examining differences in geographic features such as elevation, slope, annual precipitation, and temperature, suitability of land for particular crops, and length and density of rivers. Unlike the Serbian and Romanian sections of the border, these proved to be continuous in the Croatian one, which adds further credibility to the statistical results obtained using both historical and modern data. I include these statistical tests in Appendix A.

The institution under scrutiny in this book cannot be understood in isolation, but rather always in reference to the Habsburg civilian area. In other words, when statements are made in the empirical chapters that the military colony had lower road density, that people had more equal access to land, or that more violence was exerted onto the inhabitants, the point of comparison is always the civilian area. While historians of the Habsburg Empire such as Taylor (1948) or Judson (2016) have been very good at depicting the Habsburg Empire as very diverse, linguistically, ethnically, and confessionally, very few scholars have investigated the institutional diversity of the empire, indirectly introducing distortions into what constitutes “state space.” In other words, the Habsburg state has been conveyed as institutionally homogenous. This is why the rigorous survey of the historiographical sources together with the quantitative analyses based on historical data that I conduct in this project shed light on the diversity of the institutional space within the empire.

Historical Parallels

An important question is that of the applicability of the insights from this book to other cases, or external validity: what do we learn from the Habsburg case which can be applied to other cases? First, there are multiple other military colonies throughout history. In fact, the notion

of the “farmer-soldier” is an idea which is almost as old as the state. Historical records about farmer-soldiers date back to the third century BC and continue well into the twentieth century. Military colonists were typically local landless peasants, who were given land in exchange for military service. They were known for example in the Roman Empire as *limitanei* under Alexander Severus in the third century (Isaac, 1988). They were looked down upon by the professional troops who were paid regularly and were much better equipped. Under Diocletian and Constantine in the fourth century, the position of *limitanei* together with the farmsteads that pertained to them became hereditary. The *akritai* in the Byzantine Empire from the ninth until the eleventh century were another example of military colonists (Bartusis, 1997). They were the army units guarding the empire’s eastern border and were recruited from Armenians and other native Byzantine populations. They acted as raiders, scouts, and border guards in the perennial border warfare between Byzantium and its eastern neighbors. In Han China from 202 BC to 220 AD, armies in the provinces and frontiers were often professional or semi-professional military colonists. Their main activity was the defense of the empire. They were placed in watchtowers, signaling information along the lines and “resisting intruders with bow and arrow, spear and shield” (Loewe, 1986, p. 481). Groups of conscripts were also assigned to work in farms to supply forces locally. In Transylvania, starting in the twelfth and thirteenth centuries, the *Szeklers* were used as frontier guards for the Kingdom of Hungary until the eighteenth century during the Habsburg Empire (McNeill, 1964). They were exempt from taxes and any kind of services in exchange for protecting the border. During peacetime, they simply supervised the border and, when necessary, they would block passages. Thus, they prevented the enemy’s offensives in times of war by giving time to the hinterland to get the professional army ready. The *Cossacks* in Russia and Ukraine between the seventeenth and nineteenth centuries were another group similar to the military colonists in the Habsburg Empire. They were ethnically mixed, having settled on the southern Caucasian and Siberian borders of Russia (left bank Ukraine, north Caucasus, next to river Ural and throughout Siberia). The communities were economically self-sufficient with roughly equal number of soldiers and peasants. During peacetime, they would be involved in agriculture, trade, or industry, while in times of war, only peasants would continue such activities and care for dependents (Hartley, 2008, p. 191). They were used to protect Russia against the Tatars and Ottomans in the south, against Chechens in the north Caucasus, and against Siberian tribes in the east (Hartley, 2008, p. 19). In Chapter 7, I provide detailed descriptions of the military colonies in the Russian Empire.

Another question is how applicable are the insights in this project beyond the narrow institution of military colonialism and could they be applied to cases beyond Europe. As already mentioned, the theoretical framework proposed in this book applies to extractive institutions more generally including forced extraction of minerals, crops, or labor. Whether it is extraction of minerals or just labor force, what matters is the mode in which extraction operates. Therefore, the conceptualization of extractive institutions is more capacious than the one proposed by Acemoglu and Robinson (2012, p. 76), according to whom such institutions “are designed to extract incomes and wealth from one subset of society to benefit a different subset.” The conceptualization which I adopt in this book is closer to what Mamdani (1996) labels as “compulsions.” Empires could exert different kinds of compulsions onto locals including “forced labor, forced crops, forced sales, forced contributions, and forced removals” (Mamdani, 1996, p. 23). It is also close to the process of extraction described by Boone (2014, p. 44), who contends that empires “extracted revenue, resources, and labor.” What military colonialism and mineral or crop extraction have in common is the notion of recruitment of human resources. In order for the imperial authorities to extract silver, harvest rubber, defend the border, or build local roads, they need local human resources. The recruitment of local labor forces is what makes the extraction of minerals or construction of local infrastructure similar to defending the border. What makes them different is the project in which locals are involved.

When it comes to the first factor pertaining to the theoretical framework – imperial investment – there are some cases in which imperial authorities contributed to the construction of roads and transportation infrastructure. These in turn had an effect on reducing trade costs and removing inter-regional price gaps (Booth and Deng, 2017; Donaldson, 2018). Cases of underinvestment are much more common throughout history but are rarely reported by scholars due to survival bias.⁶ In other words, scholars never or rarely discuss that imperial powers could ignore certain areas when it came to investment, while they actively invested in others. Typical examples of underinvestment are minerals and crops that did not necessitate extensive processing. Some well-documented examples are the extraction of silver from Latin America by the Spaniards (Brading and Cross, 1972; Dell, 2010) or the extraction of rubber from Belgian Congo (Hochschild, 1999). For changes in property rights regimes, the empirical social science literature provides

⁶ Survival bias is a type of selection bias concentrating on things that made it past some selection process and overlooking those that did not, typically because of their lack of visibility.

abundant examples. For example, Dell (2010) explains how the Spanish imperial authorities applied caps on the maximum size of the property of landowners. Rothenberg (1966) also explains how landowners were completely eliminated in Croatia to make way for the construction of the military colonies. Finally, there are many studies about the effects of colonialism as a result of exposure to violence which conditioned locals' attitudes toward the perpetrators (Nunn and Wantchekon, 2011) and toward each other (Lowes and Montero, 2021; Nunn and Wantchekon, 2011), which in turn had repercussions for long-term development. Similarly, "lack of" violence is not reported due to survival bias, but one could hypothesize why not applying violence is better than applying violence for long-term development.

The applicability of the theoretical framework in this book beyond Europe is further justifiable given that the institution of military colonialism was in fact adopted by France in the early nineteenth century and applied to many of its colonies overseas including Algeria, Senegal, and Madagascar. The outright copying of the Habsburg model by the French also alleviates to some extent the additional concern that comparisons between sea-based and land-based empires are not warranted because political hierarchies between the *center* and *periphery* within sea-based empires might have been much stronger, often based on race (Kohli, 2020; Nedervene Pieterse, 1989; Rex, 2007). As some of the research in economic history indicates (Ogilvie and Carus, 2014), race is only one of the many characteristics which might create power asymmetries. Other characteristics which could create power asymmetries are gender, religion, parentage, social stratum, group membership, or possession of specific socio-political privileges. Therefore, political hierarchies existed in French Algeria as they did in the Habsburg military frontier. Austrian and French generals were at the top of the pyramid in the hierarchy of power while the indigenous populations in the Habsburg periphery (what is today part of Croatia, Serbia, and Romania) and the local Kabyle population in Algeria were at the bottom. Imperial subjectivities were created in highly analogous ways based on ethnic, religious, linguistic, and racial grounds which were meant to both solidify the political distance between the capital and the periphery and create a coherent imperial project at the same time. In Chapter 7, I describe some of the narratives that were circulating among the higher echelons of the French political and military bureaucracy in the nineteenth century, and I cite statements made in the French Chamber of Deputies in 1840 which stipulate the intention to adopt the Austrian or Russian military colonial models in the newly conquered territories in French Algeria.

Organization of the Book

The book is organized into eight chapters. Chapter 2 goes into detail about the notion of extractive institutions and proposes the theoretical framework that was briefly summarized in this chapter. This helps explain a conundrum in the literature according to which extractive institutions are sometimes beneficial and sometimes detrimental for economic development. I contend that the persistent effect of extractive colonial institutions depended on the extent of imperial infrastructural investment, the treatment of property rights, and the use of violence. The worst scenarios for long-run development demonstrate little public investment, the removal or weakening of individual property rights, and high levels of coercion through violence. In the second part of this chapter, I discuss the role of elites in the creation and perpetuation of such institutions. I argue that colonial subjects who had been deprived of public goods (because of under-investment from the center), had not enjoyed individual property rights for centuries, and had been exposed to imperial violence were likely to become alienated from the state. Such alienation persists over generations, outliving the formal institutions that created it.

Chapter 3 describes the historical context of the empirical investigations developed in the subsequent chapters. It discusses the emergence, development, and the end of military colonialism in the southern borderlands of the Habsburg Empire. The military frontier was a cost-effective institution to protect both the Habsburg state and Christian Europe against the expansion of the Ottoman Empire. After 1463, the Habsburg regions of Carniola, Carinthia, and Styria were subject to yearly Ottoman attacks with the local estates being hardest hit (Rothenberg, 1960a). The chapter outlines the main political tensions between the Habsburg emperors, local elites, and peasant communities that emerged in the early stages of the adoption of military colonialism through a rich documentation of historical conditions. Some of these tensions can be traced back to the extended negotiations between Ferdinand I (1503–1564) and the local landed estates, who became partially financially responsible for the maintenance of the military area (Fine, 2009). The people inhabiting the newly created colonies were freed from serfdom and given land in the form of communal properties in exchange for military service (Boppe, 1900). The chapter illustrates how military colonialism evolved over time (Koroknai, 1974; Völkl and Ernst, 1982; Wessely, 1973) and describes the types of policies that the imperial authorities adopted to ensure the longevity of this institution in different regional contexts.

Chapter 4 presents evidence for the key institutional properties of military colonialism that are evident in this historical context. The two

striking socio-economic insights that emerge from the data reported in the censuses of Imperial Hungary before World War I are that lack of land inequality and communal property rights remained much more prevalent in the borderlands even decades after the abrogation of the military colony. The absence of large consolidated land holdings and of a landless rural working class, which were present in the rest of Hungary and Croatia, held back the modernization of agriculture and the growth of farm productivity, as well as the spread of manufacturing. Similarly, historical and modern data on access to public goods suggest that the asymmetry between regions formerly under civilian and military administrations persisted over time to the present day. These results are not attributable to (1) temporal intermediary treatment factors that could have affected the treatment and the control group differentially, (2) structural treatment factors that could have influenced the treatment group simply by being located in a border area, and (3) alternative mechanisms by which military colonialism affected the way the state behaved in the former military colony.

Chapter 5 adds a new empirical dimension to the quantitative findings on the historical persistence of under-development and under-provision of public goods reported in Chapter 4. The military family clan was the key demographic unit of the military colony and it defined its relationship to the imperial state. A certain level of collaboration and delegation of power to local chiefs is a well-known colonial practice, especially in the context of Sub-Saharan Africa (Lowe and Montero, 2021; Mamdani, 1996). Such forms of control were not alien to land empires in Eurasia. By collaborating with local clan heads in the military frontier, the Habsburg state achieved increased social control with modest resources, blurring the line between the local rules of social organization and the formal rules of the state. Family clans were highly effective in recruiting and managing men for defending the border. Nevertheless, exposure to the highly rigid hierarchical structures within family clans based on sex and age also entailed the development and persistence of specific norms and attitudes. I provide examples of norms conditioned by family clans using historical anthropological accounts. I explain how belonging to military family clans molded clan members' attitudes toward inner and outer groups in a way that prevented them from overcoming collective action problems. Specifically, being forced to live in family clans for over three centuries prevented people from liaising with others beyond their immediate family in a way that would allow them to be more engaged citizens and demand the state provide public goods.

Chapter 6 tests formally the legacies of military colonialism on attitudes and norms. Historical qualitative accounts suggest that centuries of restrictions on personal freedom, political rights, and economic opportunities alienated people from state institutions. Given the size of family clans, there were few opportunities for inter-clan interactions, which would have fostered horizontal solidarity in the form of reciprocity, cooperation, and equality. The longer existence of family clans in the former military colony made it very hard for the state to win the loyalty of the public, which in turn endogenously strengthened family networks and distanced them from the central state. Modern-day surveys indicate that people living in the former colony are more attached to their family, trust outsiders less, are less politically engaged, and have views that reflect stereotypical gender roles.

Chapter 7 discusses the scope conditions of the theory proposed in Chapter 2. It describes the specific characteristics of the Habsburg military frontier that make it a unique case, but also the lessons to be learned which are applicable to other historical cases. To illustrate the ways in which other states managed their peripheries, I examine the contemporaneous case of the Russian colonies which were created to defend the Russian empire against attacks by Poland-Lithuania and the Ottoman empires (Khodarkovsky, 2002). The oldest colonies are the Cossacks, who lived in their self-governing lands (Pipes, 1950; Romaniello, 2012). They had well-defined rights and duties and were known for their loyalty to the tsar and their brutality in battle. They continued to be part of the Russian army until 1917. Additional colonies with an administration very similar to the Habsburgs were created in the nineteenth century under Alexander I. The Habsburgs and the Russians constituted a model that the French Empire tried to emulate in its territories in Africa in the nineteenth century (Émerit, 1959; Rothenberg, 1966). Similar to the European colonies, the French also forced military colonists to live in designated areas, recruited additional indigenous forces, and created specific laws defining their obligations, their property, and the types of activities they could be involved in. The French military colonies consisted of both French and indigenous people and represented the main way of ensuring the security of their civilian settlements.

The final chapter concludes the book with a discussion of the theory's significance for broader scholarly and policy implications that result from the central argument. Uneven access to public goods throughout a state's territory can be reflective of historical exposure to institutions that alienated people from central state authority. Importantly, the argument and evidence presented in this book suggest that extractive institutions

can affect modern access to public goods through both institutions and attitudes that get transmitted over generations. It also raises the point that while military colonialism is yet another example of the deleterious consequences of extractive institutions for development, it shows that what matters are the specific modes of operation of colonial extraction, including violence and the removal of private property, as well as under-investment in public infrastructure and under-provision of public goods.