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Expropriation of church wealth and political conflict in 19th century Colombia[☆]



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ABSTRACT

The redefinition of Catholic Church property rights was common in Europe and the Americas during late eighteenth- and nineteenth-centuries. Given the Church's power and the level of political violence after independence, these reforms were influential in Latin America. This paper focuses on Colombia after 1850 and measures the impact of the expropriation of Church's assets on political violence. With yearly data on the number of battles per municipality, archival information on the reform, and difference-in-differences, the paper documents a reduction of political violence in places where the Church's assets were expropriated. The paper contests the traditional idea of the expropriation of Church's real estate as a source of political violence. It highlights changes in political competition after the alliance between Conservative factions and the Church was weakened. Specifically, it shows the reduction in political violence was concentrated in municipalities with high political competition and where the Conservative Party was relatively weak.

1. Introduction

Political instability and violence are one of the main causes of Latin America's poor relative economic performance during the nineteenth century. Multiple factions fought constantly over privileges, rights, and resources that became available after independence. Institutional changes shifted the balance between powerful groups that frequently contested established authority (Centeno, 1997; Coatsworth, 2008; North et al., 2000). Among these powerful groups there was the Catholic Church. Politically influential, it also benefited from economic rents defined by the land tenure system established by the Spanish Crown, known as mortmain. Under this system the Church's real estate was inalienable, free of taxes, and owned in perpetuity. In this article, I explore the evolution of political violence after an institutional reform that radically changed the Catholic Church's property rights: the disentailment of mortmain

I focus on the case of Colombia, which abolished the mortmain institution in 1861 and redistributed the Church's real estate after 1862. Given the Church's influence and wealth, it is possible that the disentailment reform fueled political instability and violence by generating grievances between Conservative factions allied with the Church and Liberal factions who wanted to reduce the Church's role in society. However, the disentailment reform may have led to less conflict if it helped consolidate "secular" elites or if it generated better economic outcomes. How the expropriation of the Church's real estate in Colombia affected political violence in the second half of the nineteenth century is therefore an empirical question and the main goal of this article.

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I estimate the impact of the disentailment reform on political violence using archival records from the reform and a difference-in-differences estimation strategy. Specifically, I compare municipalities (counties) where the government expropriated at least one of the Church's real estate properties with municipalities where the Church did not own real estate under the mortmain land tenure. Before 1862, political violence evolved similarly in both types of municipalities but in places where the Catholic Church's real estate was expropriated the level of political violence decreased after the disentailment reform. The effect is sizable: political violence in the municipalities where Church land was expropriated falls by about 29%. This effect is robust to different specifications, sample restrictions, controls for the dynamics of political conflict, and to various standard error adjustments. Moreover, the disentailment reform had a negative effect on political violence even when focusing exclusively on municipalities where the government expropriated the Church's real estate.

A limitation of my approach is that there are only records of auctions of expropriated properties but no estimates at the local level of the Church's wealth before 1861. One concern is that the government could have targeted the Church's assets only in certain areas in order to gain political advantage. I use data on the 1856 presidential elections to measure support for the Conservative Party and electoral competition at the municipality level before the disentailment reform. I find no correlation between political forces and the probability or extent of expropriation. Moreover, the average impact of the disentailment reform on political violence hides interesting heterogeneity. First, the disentailment reform had a smaller, but still negative, effect on places where the Conservative Party had widespread support compared to the Liberal party. Second, the reform was more powerful in reducing violence in electorally contested municipalities. Given the dynamics of political competition at the time, these results point to a political explanation of why the redistribution of the Church's real estate had a pacifying effect during the second half of the nineteenth century. Simply, Conservative factions lost most of the appeal to support the Catholic Church's preferred policies, which was the item that led them to compete with Liberal factions the most. In every other dimension, especially in economic policy, there was not much disagreement between the factions. After the Church's real estate was redistributed to other rich members of society, the benefits of having the Church's support diminished, which led to less competition. The decrease in competition did not have much effect in municipalities which were already Conservative strongholds or where elections were not very contested before the 1860s.

There might be other reasons why political violence decreased after the Church's real estate was redistributed. Importantly, the disentailment reform not only auctioned the Church's assets off, but also changed the land tenure system established in the Colonial period to a more modern one. Recent empirical literature has shown that the expropriation of the Church's wealth in Europe had economic consequences in the sixteenth century. The dissolution of monasteries in England (Heldring et al., 2015) and the Holy Roman Empire (Cantoni et al., 2017) affected the long-run allocation of physical and human capital, leading to structural transformation and industrialization. Later on, during the French Revolution, the redefinition of the Catholic Church's property rights also had a positive impact on agricultural productivity and economic performance (Finley et al., 2017). It is plausible that the disentailment reform in Colombia had an effect on political violence through productivity increases. While I do not have data on productivity at the local level, I explore the economic hypothesis by estimating the relationship between political violence and the share of a municipality's area that was expropriated from the Church and changed land tenure system. I do not find empirical support for this relationship. Even though the reform might have had effects on productivity in the long run, the short run effect on political violence does not seem to be driven by changes in the land tenure system.

The redefinition of the Church's property rights was common in Europe and the Americas during late eighteenth- and nineteenth-century. Motivated by the French Revolution and Spain's disentailment reform, most of the countries in Latin America carried out similar reforms in the decades after 1820 (Bazant, 2008). Chile's reform in the 1820s, Mexico's in 1856, and Colombia's in 1861 stand out as important examples because of the central role the Church played in the politics of these countries. However, most studies of the economic effects of the expropriation of Church wealth in Latin America focus on the revenue collected by governments because that was the most cited motivation for such reforms (Bazant, 2008; Jaramillo and Meisel, 2009). This paper studies the consequences of the disentailment reform beyond fiscal dimensions.

The effect of land redistribution on violence has been studied both theoretically and empirically, especially for cases where reforms aim at solving the problem of unequal land distribution (e.g., Domenech and Herreros, 2017; Grossman, 1994). However, the Colombian disentailment reform did little to improve access to land due to both its focus on revenue collection and the way the auction process took place. Even though there was discussion at the time about using the Church's land to reduce inequality, the reform ended up only redistributing land within elites (Fazio and Sánchez, 2010).

Precisely for that reason, the Colombian disentailment reform has traditionally been viewed as a catalyst of conflict. Shortly after the disentailment decree went into effect, an American diplomat in Colombia wrote: "the war has virtually become one of religion, the Liberals against the Church, and the most intense fanaticism against anything that may be proposed by them." He added, "when I commenced preparing the accompanying papers for the Department [of State], it would have appeared almost certain that the controversies to which they relate would soon involve the unfortunate country in another Civil War" (Shaw, 1941). That notion has been carried on to Colombia's historiography. For instance, Jaramillo and Meisel (2009) claim that the antagonism between the Church and the Liberal party reached its peak after the 1860s. However, the relationship between the disentailment reform and political violence has not been rigorously explored.

I offer empirical support for a different interpretation: by reducing the economic power of the Church and reallocating its real estate properties, the reform changed the incentive of powerful groups to engage in conflict and helped lessen political violence. In particular, factions organized in the Conservative Party lost rewards from supporting the clergy because the Church was considerably impoverished. Secular elites who purchased the Church's land and increased their landholdings had less incentive to promote and engage in political violence after the reform. Conflict typically increased wages, crowded out production inputs, and made expropriation and pillage more likely (Safford and Palacios, 2002). In other words, the consolidation of landholdings by secular elites may

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