

Abstracts

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Social Orders and Growth Fragility (Job Market Paper)

We construct empirical measures of a novel institutional concept recently proposed by North, Wallis and Weingast (NWW) and investigate links with the stability of countries' growth. NWW define "social orders" as politico-economic equilibria in which societies generate and distribute economic rents in particular ways. In "limited access social orders" entry to the means of rent creation is limited. This places a constraint on organisational development and economic specialisation, and therefore on overall economic activity. In "open access social orders" entry barriers are absent. NWW argue that open access orders are associated with the transition to modern economic growth and with the emergence of an advanced level of development. More specifically, they claim that open access societies have more stable patterns of growth. We build empirical measures of access and social orders. We then test for an association between social orders and "growth fragility", an important performance characteristic given that low income levels may be the result of countries' failure to sustain growth rather than to achieve it at all. Using dynamic panel estimation techniques we find some evidence that over the 19th and 20th centuries, countries that made the transition to the open access social order tended to achieve more stable, modern patterns of growth.

Measuring Social Orders

We empirically operationalise the theory of "social orders" recently proposed by North, Wallis and Weingast (NWW). NWW propose the concept of "open access" which they use to distinguish types of societies with varying developmental properties. We construct a measure of access by first devising a set of indices to capture three "doorstep conditions" which NWW argue are essential to open access. These conditions are the observance of the rule of law for elites, the existence of perpetual organisational forms for elites and the control of the military by the state. Our indices allow us to rank countries according to their performance in these areas and in their level of overall access. The country rankings implied by our indices confirm NWW's conjecture that more access is associated with higher levels of development. Standard econometric tests support this finding.

The Glorious Revolution and Long-Run Growth in Britain

We revisit North and Weingast's claim that England's Glorious Revolution of 1688 was growth-enhancing. Using a new six-century data set of British GDP and population, we carry out the first tests for growth effects after 1688. The data do not allow us to test for a causal mechanism from institutional change to growth, merely whether growth history is consistent with the contention that the Glorious Revolution founded modern economic growth. We investigate this first by imposing priors about the timing of institutional changes, then by searching for traces of the Glorious Revolution in Britain's long-run growth history without the use of priors. We find evidence of favourable changes in growth patterns in the late 17th century. These began to unfold earlier than 1688 and decades before the institutional changes of the Glorious Revolution were likely to have been consolidated. We suggest that these early signs of the emergence of modern economic growth in England may have had deeper roots in the reconfiguration of the state during the Civil War and Interregnum.