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THE POLITICAL ECONOMIST

NEWSLETTER OF THE SECTION ON POLITICAL ECONOMY, AMERICAN POLITICAL SCIENCE ASSOCIATION

CO-EDITORS:
WILLIAM BERNHARD, UNIVERSITY OF ILLINOIS, URBANA-CHAMPAIGN & J. LAWRENCE BROZ, UNIVERSITY OF CALIFORNIA, SAN DIEGO

WHAT'S INSIDE THIS ISSUE

Economic History and Political Science

Adam Przeworski, Politics Department, New York University

Introduction

Once again, economists stole our thunder. An avalanche of recent papers placed political institutions at the altar of economic development. Development, we are told, is due only superficially to the supply of productive factors or to progress in using them.

The central claim of ''new institutionalism'' is that institutions are the ''primary'' cause of economic development, ''deeper'' than features of the natural environment, ''geography,'' and deeper than the supply of factors and the technologies for their use. The theoretical program has been laid out by North (1997: 224; italics supplied): ''To make sense out of historical and contemporary evidence, we must rethink the whole process of economic growth.... *The primary source* of economic growth is the institutional/organizational structure of a political economy....'' Specifically, we learn that ''Third World countries are poor because the institutional constraints define a set of payoffs to political/economic activity that do not encourage productive activity.'' (1990: 110).

This program pervades recent research on development. Thus, in a paper entitled, ''Institutions Rule: The Primacy of Institutions ....,'' Rodrik, Subramanian, and Trebbi (2002: 2; italics supplied) observe that ''Growth theory has traditionally focused on physical or human capital accumulation, and, in its endogenous growth variant, on technological change. But accumulation and technological change are at best *proximate causes* of economic growth.'' Acemoglou (2003a; italics supplied) repeats: ''poor countries ... often lack functioning markets, their populations are poorly educated, and their machinery and technology are outdated or nonexistent. But these are only *proximate causes* of poverty....''

The main fact cited in favor of the institutionalist perspective is what Acemoglou, Johnson, and Robinson (2002; henceforth AJR) term ''the reversal of fortunes.'' According to AJR, countries that were wealthier in 1500 (as measured by population density or urbanization rates) are the ones which are less developed now. This view is supported by Engerman and Sokoloff (1997, 2001; also Sokoloff 2000) with regard to the Americas, where the initial date is mid-eighteenth century. Finally, Banerjee and Iyer (2002), having gone back to mid-nineteenth century, found a reversal among districts within India.

The reversal occurred because relatively poor regions were sparsely populated, and this enabled or induced Europeans to settle in large numbers and develop institutions encouraging investment.[1] In contrast, a large population and relative prosperity made extractive institutions more profitable for the colonizers. Areas that were originally wealthier adopted worse institutions. These institutions persisted, ''blocking'' the opportunity that was offered by industrialization (On the notion of ''blocking,'' see Przeworski 2004b). As a result, the initially wealthier areas ''fell behind,'' to use the phrase of Haber (1997).

The reversal motivates the institutional perspective. Thus, AJR (2002: 1233) observe: ''The simplest version of the geography hypothesis emphasized the time-invariant effects of geographic variables, such as climate and disease, on work and productivity, and therefore predicts that nations and areas that were relatively rich in 1500 should also be relatively prosperous today. The

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A LETTER FROM THE *Editors*

Dear Readers:

We are signing off as editors of *The Political Economist*, handing over the reins to Lawrence Broz and Bill Bernhard. Lawrence and Bill have put together this terrific issue, which includes a feature essay by Adam Przeworski, and have great plans for future issues. We encourage members to support them and the newsletter by contributing ideas and items of interest (including essays, letters to the editors, reports and announcements about upcoming conferences and events). Amanda Harris is staying on as editorial assistant, which is great news to us all. We thank you for your support and contributions over the last 3 years, and look forward to being loyal and avid readers of *The Political Economist* in the future.

Sincerely,
Michael J. Hiscox
hiscox@fas.harvard.edu
Brian Burgoon
burgoon@pcsw.uva.nl

A LETTER FROM THE *Chair*

When APSA first created organized sections, one of the main reasons for doing so was to provide a forum for the discussion of subfield-specific issues and questions. Thanks in large part to a stimulating and provocative essay by Liz Gerber that was published in an earlier newsletter, as well as a thoughtful response by Ginny Haufler, the Political Economy section is now in the midst of such a discussion. At the center of this discussion are questions about the nature and meaning of political economy. Many of these questions boil down to a single, central question: What exactly is political economy?

I suspect that there is no single answer to this question, or at least no single answer that will satisfy everyone. More important than coming up with a single answer, however, is the process of thinking about the potential answers. And one way to think about the potential answers is to learn about, and learn from, developments in different areas of political economy, an approach that the new newsletter editors, Bill Bernhard and Lawrence Broz, have announced will be a focus in coming issues of *The Political Economist*. I'm looking forward to reading these essays, as one of the things I've enjoyed most during my term as chair is learning about the work done outside of my own areas of interest, but still within the rubric of political economy.

Something else that I've enjoyed during the past two years has been the opportunity to work with so many people who have given freely of their time to work for the section. Much of a chair's job, I've learned, consists of asking other people to do things for the section, and I've been gratified by the responses I've gotten. In fact, nearly everyone I've asked to help out has done so, and usually with very little arm-twisting! I don't have room to thank everyone by name, but those people who have served as program organizers, on the executive committee, and on the various award committees deserve our collective thanks. These tasks can take up a lot of time, but they are necessary components of a smooth-running section. It is through the efforts of these people that the section has continued to grow and prosper. At over 700 members, we are now one of the larger sections within APSA. And over the past couple years, the number of political economy panels at APSA has tripled.

A few other people deserve mention. First, it's been a pleasure working with Kathy Bawn, who has done a great job as the Secretary-Treasurer during the past two years. Second, Brian Burgoon and Mike Hiscox have done a terrific job of running the newsletter and overseeing its transition to an electronic format. And finally, I'd like to thank Lin Ostrom and Rob Franzese for taking over as Chair and Secretary-Treasurer. I can't imagine leaving the section in better hands.

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reversal in relative incomes weighs against this simple version of the geography hypothesis." Banerjee and Iyer (2002: 1) also juxtapose these two views: ''In the new institutionalist view, history matters because history shapes institutions and institutions shape the economy. By contrast, in what one might call the 'increasing returns' view, historical accidents put one country ahead in terms of aggregate wealth or human capital ... and this turns into bigger and bigger differences over time because of the increasing returns.''

The historical, theoretical, and methodological issues raised by this perspective are innumerable. Below, I focus only on two that I see as central: (1) Which institutions should we expect to matter? (2) How to identify their effects in the presence of endogeneity?

Which Institutions?

The institutions that matter for development in the neo-institutionalist perspective are almost always those that ''safeguard property rights.'' This idea goes back to North and Thomas (1973), indeed to Machiavelli, who observed that ''everybody is eager to acquire such things and to obtain property, provided that he be convinced that he will enjoy it when it has been acquired'' (*Discourses on Livy*. II.2, cited after Holmes 2003). Thus, the definition of ''good'' institutions offered by AJR (2002: 1262) goes as follows: ''We take a good organization of society to correspond to a cluster of (political, economic, and social) institutions ensuring that a broad section of society has effective property rights.''

What neo-institutionalists mean by secure property rights is protection against the risk of expropriation (of alienable productive assets or income) via the political process.[2] Indeed, almost all statistical papers use as an index of secure property rights the risk of expropriation as assessed by a Washington consulting firm, Political Risk Services.[3] Yet even if we assume that these are valid indicators of what they intend to measure,[4] the obvious question is whether they indicate that quality of institutions which is theoretically relevant. AJR (2002: 1270) are aware of this difference: they observe that their measure of institutions may ''correspond poorly to the real concept that is relevant to development (which is likely to be a broad range of institutions, whereas we only have an index for a particular type of institutions).'' So are Easterly and Levine (2002: 33): ''Nor does the kind of general indicator of institutional quality we use ... provide much guidance to officials making real laws and regulations.'' Yet everyone relies on such indices.

> *"Yet if institutions constitute a primary cause, they cannot be caused by something else. This is why the two central axioms of new institutionalism do not easily cohabit the same theory."*

The main point of Bardhan (2004) is that the new institutionalism got its institutions wrong. If ''security of property rights'' is the New Testament, we also have the Old Testament, drafted by Rosenstein-Rodan (1943; for a formal model see Murphy, Shleifer, and Vishny 1989) which says that institutions that matter are those that coordinate investment. In the literature of the 1960s, these were the institutions that force savings (Galenson 1959, DeSchweinitz 1959, Huntington 1968, Huntington and Dominguez 1975), while recent statistical studies in this vein typically emphasize the role of financial institutions (Beck, Levine, and Loyaza 2000; King and Levine 1993; Levine and Zervos 1998; Neusser and Kugler 1998; Rousseau and Wachtel 1998).

Finally, we can think that the institutions that matter for development are those that makes rulers accountable, those that provide information about government's actions and permit citizens to sanction bad behavior by throwing governments out of office. Such institutions should induce governments to limit rent extraction and to promote growth (Benhabib and Przeworski 2004).

Securing property rights, coordinating investment, and rendering the rulers accountable are second-order features of complex institutional frameworks. As such, they constitute consequences of specific institutions, such as patterns of separation of powers, the independence of the judiciary or of central banks, procedures for electing rulers, and the like. Hence, the first question is which specific institutional arrangements promote these second-order features, for example, whether it is true that subjecting rulers to periodic elections makes them accountable (Manin, Przeworski, and Stokes 1999). One cannot directly engineer accountability, only those institutional features one expects to promote accountability. Yet since institutions are complex systems, they have emergent, configurative, effects. Hence, in the end, it may be necessary to characterize institutional systems in terms of their effects on the security of property, coordination of investment, and political accountability.

Identifying Effects of Institutions

Following North (1980, 1990, 1997), the theory of ''new institutionalism'' consists of two propositions: (1) ''Institutions matter'': they influence norms, beliefs, and actions; therefore, they shape outcomes. (2) ''Institutions are endogenous'': their form and their functioning depend on the conditions under which they emerge and endure.

Yet if institutions constitute a primary cause, they cannot be caused by something else. This is why the two central axioms of new institutionalism do not easily cohabit the same theory.

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THE POLITICAL ECONOMIST '04

The Best Paper in Political Economy Award: Political Economy at Its Best

James N. Druckman, Political Science Department, University of Minnesota, Twin-Cities

In the Fall 2003 *Political Economist*, Liz Gerber wrote a stimulating essay asking "What is Political Economy?". I found the essay particularly interesting because when Liz invited me to organize the 2003 APSA political economy section, my initial response was to ask that same question. I accepted Liz's invitation hoping that by reviewing the proposals I would enhance my understanding of the dimensions of political economy. In the end, I learned two things. First, the political economy section attracts proposals from a wide array of distinct perspectives (i.e., what Liz coins "the big tent"). Roughly, I received three types of proposals: work that studies political phenomena using the tools of economic, particularly micro-economic, analysis (Liz's preferred definition); work that explores the interaction between economics and politics (often but not always focusing on international relations); and work that offers philosophical polemics (sometimes but not always from a Marxist perspective).[1] Second, I found the proposals' average quality quite high. Thus, I concluded that while a consensus on "what political economy is" may be lacking, many of whom identify with the section conduct careful and important research.

I say all this as a preface to the announcement of the first annual APSA best paper in political economy award. With the assistance of section president Chuck Shipan, I teamed with Jim Alt and Anne Sartori to select a paper by Torben Iversen of Harvard University and Frances Rosenbluth of Yale University entitled "The Political Economy of Gender: Explaining Cross-National Variation in Household Bargaining, Divorce, and the Gender Voting Gap."[2] The paper reflects all of what I discussed above – that is, it touches on all three types of proposals I mentioned, and clearly reflects top-notch scholarship.

Iversen and Rosenbluth seek to explain the dynamics of familial relations and their political consequences. The starting point is Becker's (1981) seminal model of the family as a coordination game. In this portrayal, the family as a whole serves as the unit of analysis (termination or divorce is not possible), and the optimal solution is virtually a *complete division of labor* between the husband and wife. Moreover, childbearing – which often takes women out of the work force, even briefly – combined with socialization patterns provide a cue for coordination resulting in *women staying at home and men working outside the home* (i.e., in the public labor force).

Iversen and Rosenbluth explain that this model fails to explain a number of empirical realities including cross-national variance in female labor participation and household division of labor among advanced industrialized economies. Indeed, according to the coordination model, economies that offer similar returns on human capital should generate similar levels of specialization (e.g., women staying at home and men working outside the home). The model also has little to say about the well documented gender gap in political preferences since, in the coordination model, family members should share the same preferences for whatever increases returns to the *entire* family.

In response, Iversen and Rosenbluth offer a new model: instead of treating the family as a unit in the midst of a coordination problem, the authors model marriage as an incomplete contract subject to termination (i.e., divorce). Given this reality, women have an incentive to develop skills so they can work outside the home – failure to do so would leave them in a highly vulnerable situation should they divorce (especially as they age and their childbearing contributions disappear).[3] In short, in anticipation of possible divorce, both husband and wife cultivate their skills for the outside labor market; women no longer acquiesce to complete specialization in the home.

Just how husband and wife split household and outside work duties depends on their bargaining power. Increased bargaining power within the marriage enables a spouse to exert more control over the division of labor. A spouse's bargaining power, in turn, depends on his or her outside options – that is, the desirability of the spouse's options should the couple divorce. For example, if a woman has developed *no* outside skills and is beyond childbearing age (lessening her value on the "re-marriage market"), then she has little bargaining power. In contrast, if a woman possesses highly marketable skills, she is less vulnerable to the prospect of divorce and can demand the husband play a larger role at home (contingent on his outside options, of course). This simple but elegant portrayal of familial relations goes a long way towards explaining (1) variation in household division of labor, (2) the gender gap in political preferences, and (3) divorce rates.

It straightforwardly follows from the model that, all else constant, as women's outside options increase in value, their bargaining power increases and the division of household labor should become more equitable. Moreover, a woman's bargaining power positively co-varies with a woman's age (i.e., older women lose value on the re-marriage market), and education (i.e., more education enhances outside options). Iversen and Rosenbluth offer empirical evidence from the 1994 International Social Survey (using data from fourteen countries) that younger women and more educated women do in fact perform significantly fewer household chores than their older, less educated counter-parts, *even when controlling for whether or not the woman actually works outside the home*. In short, there is a more equitable division of household labor for these women.[4] The results constitute

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striking support for the new model (by contrast, age and education should play no role according to the coordination model since outside options are irrelevant).[5]

Iversen and Rosenbluth also offer macro-level cross-national evidence (from fifteen countries) in support of their model. They point out that economies vary in the extent to which they demand labor with *general* as opposed to *specific* skills (e.g., the latter requires more training and longer tenure). Because women have a "motherhood disadvantage," meaning that they at least briefly leave the work force which adversely affects training and tenure, women's options are greater in more general economies. Put another way, women's outside options and hence their bargaining power are greater in countries whose economies offer more *general skill* labor opportunities. And, this is indeed the case: countries with greater general skill emphasis exhibit significantly more equitable household divisions of labor, all else constant.[6]

As mentioned, Iversen and Rosenbluth use the model to explain the gender gap in political preferences. For example, women will be more likely to prefer programs that vitiate the aforementioned "motherhood disadvantage" since, as follows from the model, lessening that disadvantage increases their bargaining power. Iversen and Rosenbluth present both individual level and macro cross-national evidence that, compared to men, women who work support social transfers to a greater extent than men.[7] The model not only outperforms the coordination model – which, as mentioned, cannot explain gender differences in preferences – but it also offers a more powerful explanation than a variety of alternative gender gap theories (e.g., theories of female altruism or female economic vulnerability). Finally, Iversen and Rosenbluth use the model to explain variations in divorce rates, showing that in countries that offer few public services (which can counter-act the need for labor options), increases in labor female force participation give women a viable exit option which, in turn, lead to more divorces.[8]

As is hopefully clear, this paper offers a lot, and I have only touched on some of the findings. Moreover, Iversen and Rosenbluth impressively deal with a variety of methodological challenges in their data analyses (e.g., missing data) and also do a superb job presenting their results, using easy-to-read graphs. A variety of extensions are obvious. For instance, Antonovics and Town (2004) recently offer evidence that marriage acts as an independent causal force to increase men's salaries. If this is the case for women as well, then the quality of their outside options may themselves be endogenous to the decision to marry, and possibly stay married.[9] This would complicate the model but might lay bare to some intriguing dynamics about the decision to marry. An empirical extension would be to take advantage of recently released European Union data on time-usage that covers a selection of both Western and Eastern European countries.

I began this essay by discussing what is meant by "political economy." Iversen and Rosenbluth's work exemplifies the best of what I observed as section coordinator. Their research lies at the intersection of all three types of proposals that I mentioned earlier: they apply a micro-economic model to questions that involve politics; they address the interplay between economic options and political preferences; and, although they do not offer a polemic, they take as their starting point the theoretical position that the public and private spheres cannot be distinguished (e.g., Okin 1989). Overall, it is political economy at its best, and as such a very deserving recipient of the first annual best paper award. Congratulations to Torben Iversen and Frances Rosenbluth.

References

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Becker, Gary. 1981. *A Treatise on the Family*. Cambridge: Harvard University Press.

Kuczynski, Alex. 2004. "The 37-Year Itch." *New York Times*, August 8: Section 9, pages 1, 8.

Okin, Susan Moller. 1989. *Justice, Gender, and the Family*. New York: Basic Books.

[1] The section received approximately 208 paper proposals and 19 panel proposals, which amount to the equivalent of proposals for 71 panels. The acceptance rate was about 11%.

[2] We did not formally award an honorable mention; however, we agreed on a clear runner-up: "Deliberation and Voting with Non-common Values," by Adam Meirowitz of Princeton University.

[3] Iversen and Rosenbluth also note that writing a complete *ex ante* contract is prohibitively difficult and expensive.

[4] Iversen and Rosenbluth recognize that the age result is consistent with a generational model where norms of equality have evolved over time. However, they note that such norms themselves may stem from changes in women's bargaining power (due to enhanced education). A recent *New York Times* article provides anecdotal support, citing a divorce lawyer who explained that "among her clients, most often it is the women who have instigated divorces proceedings. That echoes a recent AARP survey that found that among men and women 40 to 80, divorce was usually initiated by the wife… [the lawyer's] clients are, however, well-off New Yorkers, who enjoy a particular set of privileged circumstances. The women can afford to leave…a new financial life…is absolutely one of the universals…" (Kuczynski 2004: 8).

[5] Iversen and Rosenbluth also find that the division of labor becomes more equitable as a woman's income increases, her investment in household skills decreases, and the number of dependents decreases.

[6] Importantly, the authors theorize and then demonstrate that this effect becomes moot in countries with large public sectors, since such public sector opportunities and protections counter-act the impact of job specialization. (This occurs, for example, in Norway, Sweden, and Canada.)

[7] Iversen and Rosenbluth explain that this only applies to working women because non-

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The Mancur Olson Award for the Best Dissertation in the Field of Political Economy

Torben Iverson, Center for European Studies, Harvard University

Some of the best work in comparative political economy combines formal modeling with careful empirical analysis to answer puzzles that are both politically and economically salient. Scott Gehlbach's dissertation, which was chosen as the winner of the Mancur Olson Award for the best dissertation in the field of political economy, is a case in point. The dissertation (which was defended simultaneously in political science and economics at UC Berkeley) uses game theory to explain why some new democracies are much more successful than others in terms of economic performance, efficient provision of public goods, and well-functioning representative governments. It is a shining example of the analytical sophistication of current political economy and its capacity to illuminate important political-economic problems.

The committee consisted of Cathy Hafer (NYU), Annette Steinacker (Claremont), and myself, and we had the pleasure of reading a number of truly outstanding dissertations. We agreed that several of the entries would have been very worthy winners of the Olson Award, but in the end we agreed that Gehlbach's dissertation struck a particularly successful balance between elegant and generalizable modeling, ingenious use of empirical data, and new insights into an old topic in political economy: the relationship between democracy and capitalist development.

As Gehlbach explains, one of the most striking facts about the postcommunist democracies is the "great divide" in the economic and political performance between the countries of the former Soviet Union and those of Eastern Europe. Why the latter have been so much more successful than the former is a central puzzle motivating the dissertation.

Gehlbach's answer centers on the political economy of taxation. The capacity of new democracies to tax declined with wide-scale privatization, but politicians were under great popular pressure to spend on public goods and social protection. Business owners and managers understood that in the absence of a commitment by governments to leave them with some portion of their assets and production, they would be better off hiding what they could from the state. With firms differing in their ability to hide revenues, politicians tended to focus their limited attention and resources on those sectors which were more "taxable," leaving other parts of the economy to wither.

Unfortunately, effective commitment mechanisms are in short supply in many postcommunist countries, and Gehlbach uses game-theory to show that in the absence of such mechanisms, business will try to shield their assets from taxation, while the state will entangle businesses in a web of red tape that will only be relaxed in return for bribes. The economy gets trapped in a low-productivity, low-revenue equilibrium with a large informal sector, corrupt politicians, and low provision of public goods. Russia and other countries in the former Soviet Union are cases in point, and Gehlbach uses a large cross-country survey of firms to show how businesses are engaged in a destructive game of hide-and-seek with governments that are unable to commit.

If the state *can* commit to limited taxation, there is a possibility that firms can be encouraged to bring production from the informal (non-taxable) sector into the formal (taxable) sector by removing some of the red tape and instead assisting firms through subsidies, training, legal and technical support, etc. As investment in taxable activities rise, the capacity of the state to support these activities also rise, producing an equilibrium with high output and high revenue.

But commitment is only a necessary condition for such an outcome because politicians and bureaucrats may still thrive from imposing burdensome regulations that will be lifted only in exchange for bribes. Also, politicians may be inclined to concentrate support in sectors that are inherently more taxable, but inefficient, such as the large state-owned firms using familiar but outmoded technologies. Gehlbach's empirical analysis suggests that this problem has been particularly urgent in countries from the former Soviet Union, whereas small new firms pay taxes at the same level as old ones in many East European countries. Paradoxically, the reason may be that the administrative capacity for taxation is greater in many Eastern European countries, which enables authorities to concentrate their support in the most dynamic sectors.

A factor that can contribute to a beneficial outcome, argues Gehlbach, is electoral pressure to produce public goods and transfers. Again a bit like 19th century kings having to raise revenues for wars, post-communist politicians with no easy sources of revenues and motivated by electoral survival have a strong incentive to encourage the growth of taxable activities to meet these demands by being particularly attentive to business interests. Although the beneficial outcome depends on a concentration of taxable businesses in new dynamic industries, democratic accountability and popular demand for spending can be good for economic performance (contrary to neoclassical views of the state).

But what explains capacity for commitment? There are two parts to Gehlbach's answer, although these are more speculative than other parts of the analysis. The first is the emergence of responsible and programmatic parties. Such parties make it easier for voters to reward politicians who pursue policies that are sustainable in the long run. But responsible parties do not emerge

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The William H. Riker Award for Best Book: Democracy and Redistribution

Carles Boix, reviewed by Frances Rosenbluth, Political Science Department, Yale University

This book is an example of comparative political economy at its boldest and most ambitious. Boix could hardly have chosen a bigger question: what are the conditions under which stable democracies emerge? Combining a game theoretic sketch with descriptive and statistical historical evidence, Boix builds a case for the proposition that democracy is compatible with asset equality, as many others have claimed, but also with unequal assets—as long as the assets are mobile. The idea is that the poor won't be able to expropriate mobile assets and so, knowing this, the owners of the mobile assets would be willing to agree to a democratic constitution that give policy making authority to the median voter. One might ask why the rich, even if they care particularly about preserving their income, would be willing to make concessions to the poor on other dimensions, or conversely what the poor is getting from those concessions. And indeed, Boix devotes a chapter to the public sector, showing that democracies do redistribute substantially more than autocracies. Nevetheless, it's an appealingly simple idea, similar to one advanced some years ago in an article by Robert Bates and Donald Da-Hsieh Lien (1985) and with echoes of an older piece by Albert Hirschman (1970) on exit, voice, and loyalty. We give credit to Boix for a masterful theoretical exploration and empirical assessment of the power of exit.

The picture on the book cover is an evocative depiction by Goya of two men fighting each other in an age-old way, with cudgels. But if this book were a painting, I would imagine it rather to be in vivid colors with sharp chiascuro, quite unlike the muted tones and hazy details of the Goya. The painstaking empirical research that clearly went into this book is not preoccupied with adding layers of analytical complexity, as it might in the hands of an historian. It is rather to show how widely this simple argument applies. Income inequality and the size of fixed assets do not themselves seem to impede the establishment of democracies or to cause revolutions or civil wars. It is the interaction of these variables that do all three.

Boix is not one to make small claims or to take on obscure competing arguments. "Since the Neolithic revolution, ninety-nine percent of the history of humanity has been grounded in the economic exploitation and military expropriation of fixed assets" (231) But industrialization and the rise of mobile assets has made democracy possible where it once was not. Now, "contrary to Marx's predictions, revolutions never happen in dynamic, growing societies. They take place in the "periphery" of the international economic system, where classes are locked in a zero-sum game" (129). Boix presents a statistical analysis of every country for which he could find data for 1800-1994 to show that the probability of transition to democracy, and the probability of stable democracy, increase not only with income and income equality but proxies for asset mobility such as occupational diversification. Country or period specialists might quibble with Boix's coding of regimes and with his ability to capture asset types, but he covers such a large expanse of time and place that the broad brush strokes of his argument can withstand a good bit of quibbling.

Boix devotes a chapter supplementing the statistical analysis with some case study evidence, from Switzerland from the late Middle Ages until the mid 19th century, and colonial to modern United States. Prior to the French invasion of 1798 and then its confederation in 1848, Switzerland was divided into democratic Alpine cantons, landowning aristocracies, and urban oligarchies. Participatory democracy came early to the Alpine cantons where income was equal if low. In the lowlands, population growth increased pauperism after the 16th century, the decline of Mediterranean trade and incessant European warfare stifled commerce, and urban and rural elites restricted political participation in their respective domains. Then, with the rapid growth of manufacturing, investment, and commerce from the mid 18th century, feudal privileges collapsed. "The process of industrialization …shaped an economy capable of softening the level of redistributive tensions" (118). The cross-sectional differences in levels of democracy disappeared as all of Switzerland benefited from the increased mobility of assets.

For Boix, Colonial America had a wider franchise than 19th century America because of lower income disparities. Given the wide availability of land in Colonial times, the franchise was extensive among white men. "Around three quarters of adult white men could vote in Connecticut, Georgia, New Hampshire, rural Pennsylvania, Rhode Island, and South Carolina. The franchise encompassed 50 to 60 percent of adult men in Maryland, Massachusetts, New

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overnight, and it is not clear that they can come about through reputation-building alone. This is where the second part of the explanation enters. Where business, and potentially also unions, have been better able to organize collectively, the state will be more constrained by what Olson would have called encompassing interests. Indeed, a natural extension of the argument would be that responsible parties are those that represent such interests. Like all good political economy, the contribution of Gehlbach's dissertation is not only the answers it provides, but also the questions that it forces us to ask. It is appropriate that some of these remind us of the scholar who gave name to this prestigious award. Congratulations to Scott Gehlbach.

DETAILED LISTING OF POLITICAL ECONOMY PANELS

6-1 Globalization and the Environment
Date: Thursday, Sep 2, 2:00 PM/Co-sponsored by 16-2
Chair: Edward D. Mansfield, University of Pennsylvania
Author(s): Privatizing the Environment: Private and Hybrid Governance Regimes at the Global Level, Kate O'Neill, University of California, Berkeley
Globalization and the Environment: A Race to the Bottom in the Transition Economies?, Liliana Botcheva-Andonova, Colby College & Edward D. Mansfield, University of Pennsylvania
Banking on Nature: Agency, Politics and Green vs. Brown Lending at the Multilateral Development Banks, Daniel L. Nielson, Brigham Young University
Out-Sourcing the Allocation and Delivery of Environmental Aid, Michael J. Tierney, College of William & Mary & Bradley Parks, London School of Economics and Political Science
Discussant(s): Peter M. Haas, University of Massachusetts, Amherst

6-2 Varieties of Capitalism: Birth and Death of Institutional Complements
Date: Saturday, Sep 4, 2:00 PM/Co-sponsored by 11-1
Chair: Tim Buthe, Duke University
Author(s): Disaggregating the National State: The Presence of Sub-National Actors in Sectoral Trade Negotiations, Andrew M. Appleton, Washington State University
Heinz Capitalism: How Many Varieties Are There?, Graeme Robertson, Columbia University & Tom Kenyon, Princeton University
Electoral Institutions and the Varieties of Capitalism Debate, Daniel Geffen, Columbia University
Unemployment and Institutional Complementarities: The Case for Fundamental Reform within the OECD, Matthew C. Harding, Massachusetts Institute of Technology
Discussant(s): Peter A. Hall, Harvard University

6-3 Attracting FDI and Managing its Effects
Date: Thursday, Sep 2, 8:00 AM
Chair: Daniel Verdier, Ohio State University
Author(s): Political Risk, Labor Standards, and Foreign Direct Invest ment, Hye Jee Cho, University of California, Los Angeles
Democracy and Foreign Direct Investment: Evaluating the Rates of Return and Type of Government, Gregory Douglas Davis, University of Arizona & Salmon A. Shomade, University of Arizona
Military Securities: U.S. Capital Flows and Military Presence Abroad, Andrea Michelle Little, University of Colorado, Boulder & David Leblang, University of Colorado, Boulder
The Political Economy of Foreign Investment: Domestic and International Bargaining Strength, Clint Peinhardt, University of Michigan
Discussant(s): Chad Rector, George Washington University

6-4 Property Rights and State-Capital Relations
Date: Saturday, Sep 4, 4:15 PM
Chair: Douglas B. Grob, University of Maryland
Author(s): Foreign Investment Incentives and Domestic Property Rights: Is There a Tradeoff?, Jennifer Tobin, Yale University
Rulers and Capital in Historical Perspective, Abhishek Chatterjee, University of Virginia
Property Rights Politics: An Institutional Approach to State-Society Interactions, Derek Kauneckis, Indiana University, Bloomington
The Evolution of Corporation Law in America: Political Economic Rights in the Late Nineteenth Century, Jonathan Chausovsky, University of Texas, Austin
Discussant(s): Douglas B. Grob, University of Maryland

6-5 The Costs of Supremacy
Date: Sunday, Sep 5, 8:00 AM
Chair: Joshua S. Goldstein, American University
Author(s): The Price of War: U.S. Government War Spending Since 9/11, Joshua S. Goldstein, American University
War, Resource Diversion, and the Political Economy of Human Security, Zaryab Iqbal, University of South Carolina
The National Security Costs of Foreign Oil Dependence, John S. Duffield, Georgia State University

6-6 How Does Regime Type Affect Inequality?
Date: Friday, Sep 3, 8:00 AM
Chair: William R. Keech, Carnegie Mellon University
Author(s): A Theory of Aid, Redistribution, and Democratization, Kevin Morrison, Duke University
Democracy, Dictatorship and Economic Performance in Argentina and Chile, William R. Keech, Carnegie Mellon University
Theorizing About the Impact of Income Inequality on Economic Growth: Does Regime Type Matter?, Orsolya K. Lazar, University of Arizona
Political Regimes and Economic Growth: A Comparison of the Indian States, Ira Parnerkar, University of Chicago
Discussant(s): John Benedict Londregan, Princeton University

6-7 Interactions between Ideology and Institutions in Trade Policy
Date: Saturday, Sep 4, 8:00 AM
Chair: Cheryl M. Schonhardt-Bailey, London School of Economics
Author(s): Through a Glass and Darkly: Framing Effects and Individuals' Attitudes Toward International Trade, Michael J. Hiscox, Harvard University
What Determines Trade Regimes and Reforms?, Jaime Nino, London School of Economics
The Impact of Policy Networks in Agricultural Trade Liberalization During the Uruguay and Doha Rounds: The Role of Ideas, Interests and Institutions, Heidi Ullrich, London School of Economics
Feeling the Heat of the League? When Ideas Matter (Not), Cheryl M. Schonhardt-Bailey, London School of Economics
Discussant(s): Helen V. Milner, Princeton University
Co-Discussant(s): Judith Lynn Goldstein, Stanford University

6-8 Consumers versus Producers in Democracies: A Research Agenda
Date: Friday, Sep 3, 2:00 PM
Chair: Ronald L. Rogowski, University of California, Los Angeles
Author(s): The Price-Level Effect of Electoral Competitiveness, Mark Andreas Kayser, University of Rochester
A General-Equilibrium Electoral Model of the Balance of Power Between Consumers and Producers, Ronald L. Rogowski, University of California, Los Angeles
Electoral Systems and Real Prices: Panel Evidence for the OECD Countries, 1970-2000, Eric C.C. Chang, Michigan State University
Electoral Institutions and Real Prices Around the World, 1972-2000: Explaining Price-Level Stability, Volatility, and Inequality, Drew Linzer, University of California, Los Angeles
Discussant(s): Robert J. Franzese, University of Michigan, Ann Arbor

6-9 Insecurity, Uncertainty, and Power
Date: Sunday, Sep 5, 10:15 AM
Chair: Mark Hallerberg, Emory University
Author(s): The Sovereign's Security Dilemma: Why Rulers Want to Share Power, Hellmut Lotz, University of Maryland
Contested Forces? Economic Openness and Political Responses to

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DETAILED LISTING OF POLITICAL ECONOMY PANELS

Economy Panels...continued from page 8

Regional Inequality in East Asia, Megumi Naoi, Columbia University
Do Private Investors React Differently to Different Coups? Examining the Relationship Between Coups and Private Investment with a New Dataset, Catherine Duggan, Stanford University
Institutions, Credibility, and LDC Stock Market Development, Derekh Cornwell, Indiana University
Discussant(s): Mark Hallerberg, Emory University

6-10 Public Choices, Public Goods
Date: Thursday, Sep 2, 4:15 PM
Chair: Barry M. Mitnick, University of Pittsburgh
Author(s): Democracy and Environmental Performance, Vasiliki Koubi, Swiss Federal Institute of Technology & Thomas C. Bernauer, Swiss Federal Institute of Technology
Do They Fit? Expanding the Context of Welfare Theories to a Broader European Arena, Christine S. Lipsmeyer, University of Missouri
The Political Economy of Hard Choices: Choosing Between Education and Health Spending, Irfan Nooruddin, Ohio State University & Joel Simmons, Saint Louis University
The Behavior of Bureaucrats, Citizens, and Elected Officials in the Policymaking Game, Abigail M. York, Indiana University, Bloomington & Marco Janssen, Indiana University, Bloomington
The Fiscal Contract: The State, Taxes and Public Services Jeffrey F. Timmons, University of California, San Diego
Discussant(s): Margaret Levi, University of Washington

6-11 Who Pays?: Money and Electoral Politics
Date: Thursday, Sep 2, 10:15 AM/Co-sponsored by 34-1
Chair: Robert Grafstein, University of Georgia
Author(s): The Numbers Game: Lotteries and Income Inequality in the States, Irwin L. Morris, University of Maryland & Elizabeth Freund, University of Maryland
Why Do Rich People Make Political Contributions? Some Surprising Results from a Formal Model, Henry E. Brady, University of California, Berkeley
The Electoral Impact of Partisan Economic Policy: Auditing the Pocketbooks of Self-Interested Voters, Robert Grafstein, University of Georgia
Economic Performance and Accountability: The Revival of the Economic Vote Function, Karla P. Lopez, Stanford University
Discussant(s): William R. Keech, Carnegie Mellon University

6-12 The Role of Domestic Capacity in Negotiating and Resisting International Pressures
Date: Saturday, Sep 4, 10:15 AM/Co-sponsored by 16-3
Chair: Beth A. Simmons, Harvard University
Author(s): Building Capacity at Home to Project Influence Abroad: Regulatory Capacity and Transnational Market Governance, Abraham Newman, University of California, Berkeley & David Bach, University of California, Berkeley
AIDS and State Capacity: When International Determinants Meet State Demands, Ismene Gizelis, Chapman University
Sticks and Stones: How International Regulation Leads to Political Protest, John David Gordon, West Virginia University
Market Integration and the Development of International Public Goods: Insights from the Development of a Unified Currency in the United States, David C. Johnson, University of California, Los Angeles
Discussant(s): Beth A. Simmons, Harvard University

6-13 God and Mammon: Political Economy of Fundamentalism
Date: Friday, Sep 3, 10:15 AM
Chair: Robert A. Denemark, University of Delaware
Participant(s): Irwin L. Morris, University of Maryland
Khalid Medani, University of California, Berkeley
Anthony Gill, University of Washington
Mary Ann Reed Tetreault, Trinity University
Rachel M. McCleary, Harvard University

6-14 Theme Panel: The Evolution of Global Income Inequality: Evidence and Effects
Date: Saturday, Sep 4, 4:15 PM/Co-sponsored by T-4 and 16-9

6-15 New Civil Norms for Multinational Corporations
Date: Friday, Sep 3, 4:15 PM/Co-sponsored by 16-14

6-16 International Financial Challenges for Developing Countries
Date: Sunday, Sep 5, 8:00 AM/Co-sponsored by 16-19

6-17 Policy Consequences of Electoral Rules
Date: Friday, Sep 3, 2:00 PM/Co-sponsored by 34-3

6-18 Reflections on the 1988 Indian Gaming Regulatory Act: The Economic, Cultural and Political Impact of Indian Gaming
Date: Sunday, Sep 5, 10:15 AM/Co-sponsored by the Indigenous Studies Network, Panel 2

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Following AJR (2002), statistical studies of the impact of institutions adopt the following procedure: (1) Regress per capita incomes for a recent date (or an average of recent dates) on recent institutions and some control variables, (2) Instrument recent institutions by instrumenting institutions at some time immemorial. In my view, this procedure is deeply flawed, for several reasons: (1) The divergence between the theoretically relevant and the operational measures of institutions, discussed above. (2) The assumption that institutions do not change, (3) The operationalization of the dependent variable,[5] (4) Problems with the use of instrumental variables estimator.

A central problem in identifying econometric models of the impact of institutions is to find instruments for the endogenous variables. It is this difficulty that led AJR and their followers to go back far in history. Yet since institutions changed in the meantime, and they did (for evidence, see Przeworski 2004b), the strategy of skipping centuries fails. The problem with the use of instrumental variables goes even deeper. As argued by Djankov et al. (2003), in those areas where European settlers brought in good institutions, they also brought themselves, that is, their human capital. Indeed, Glaeser et al. (2004) discovered that the initial level of human capital has an effect independent of institutions. Since the impact of the instrument — settler mortality — on development is not exhausted by their impact on institutions, the instrument is correlated with the

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error in the growth equation and the estimates are still biased. Finally, for reasons outlined by Heckman (1997, 2004), one should not rely exclusively on instrumental variables.

Consider a schematic representation of the possible directions of causality:

Geography —> Institutions —> Forces —> Growth

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The invariant background conditions, ''geography,''[6] determine the initial institutions, which in turn determine the supply of factors and the technologies that exploit them. Hence, what in the marxist language would be ''forces of production'' (Cohen 1978) and in the neoclassical language ''physical or human capital accumulation and technological change'' (see the quote from Rodrik, Subramanian, and Trebbi at the beginning) are only ''proximate'' causes. But institutions are still caused by something else, not only by the invariant background conditions but also by the development they generate.

The new institutionalism does recognize that institutions are endogenous. As already North and Thomas (1973: 6) observed, ''new institutional arrangements will not be set up unless the private benefits of their creation promise to exceed the costs.''[7] And the embarrassingly obvious thought is that if endogeneity is sufficiently strong, institutions cannot have a causal efficacy of their own. Imagine that only those institutions that generate some specific outcomes, say those that perpetuate the power of the otherwise powerful, are viable under the given conditions.[8] Then institutions have no autonomous role to play. Conditions shape institutions and institutions only transmit the causal effects of these conditions. And if this is true, if institutions are endogenous, it may be that the ''institutional constraints define a set of payoffs to political/economic activity that do not encourage productive activity'' precisely in those countries where returns to productive activity are relatively low. When returns to producing are low, those who populate political institutions prefer to engage in rent seeking (Acemoglou 1995, Murphy, Shleifer, and Vishny 1993). The institutionalist explanation of the poverty of the Third World is then circular.

To evaluate the impact of institutions we must use the observed world to make inferences about a hypothetical one. If history had generously produced natural experiments,[9] we could assess causality simply by matching the observed institutions and comparing their outcomes. But what can we say about causality when institutions are endogenous? The issue concerns the status of subjunctive conditionals in which the antecedent cannot or at least is unlikely to be realized.[10] To qualify as causes, the particular variables must be capable of assuming different values under the same conditions, that is, they must be ''manipulable'' (Holland 1986). What distinguishes causality from correlation is manipulability: ''Associational inference involves the joint or conditional distributions of values of Y and A, and causal inference concerns the values Y|x,u-Y|x',u on individual units.'' (Holland 1986: 948; A stands for factors that cannot be manipulated, ''attributes''; u stands for background conditions.) In the end, ''causes are only those things that could, in principle, be treatments in experiments'' (1986: 954). Hence, all econometric strategies for identifying the role of institutions (X) rely on exploiting their variation under the background conditions (U) to construct counterfactuals and then matching, one way or another, the observations with their counterfactual pairs.

Yet inferences based on non-experimental evidence are subject to several biases. Let one set of institutions constitute the ''treatment,'' while others serve as ''controls'':

(1) *Baseline difference.* The units observed as treated may have had different performance as controls than those that were in fact controls or vice-versa.

(2) *Effect of the treatment on the treated.* The units observed as controls may have performed differently under treatment than those that were actually observed as treated. This will be true of the choice of treatment is even in part driven by its consequences. Notably, under such conditions, the instrumental variables estimator fails to correct the bias (Heckman 1997).

(3) *Post-treatment effect.* I am using here the terminology of King and Zeng (2001), even though I think it is a misnomer. The problem here is that changing just the treatment and nothing else that affects performance may be impossible. This is the gist of the Glaeser et al. critique of AJR. The bias arises because, as Lebow (2000: 5757) puts it, '''Surgical' counterfactuals are no more realistic than surgical air strikes.'' In the real world, change of one state is associated with a change of others. Hence, perhaps this is a ''non-local'' effect.

(4) *Distance effect.* King and Zeng (2001) show that the distance between the conditions under which the actual cases were observed and their closest observed matches under alternative institutions is

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working women join their husbands in their preferences, being more opposed to transfers so as to limit taxes. The authors also explore preferences over government provision of employment and public education, with mixed results.

[8] Iversen and Rosenbluth use an instrumental variable approach to show female labor participation is a more likely cause of divorce than vice versa.

[9] However, Antonovics and Town (2004) do not report a significant impact for divorce.

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also a source of bias. Extrapolating outside the range of observations is less reliable than interpolating within it. But even the distances within the observed range matter, particularly in the presence of non-linearities.

(5) *Aggregate effect*. This is a violation of the ''stable unit treatment value assumption'' (SUTVA), namely, that observations are independent, which implies that realizations of counterfactuals do not alter the values actually observed. All countries cannot be net exporters: had Latin American countries adopted export-orientation strategy earlier, the performance of the Far Eastern countries that did so would have not been the same.

No single estimator corrects for all the biases. As Dawid (2000) argues, all inferences involving counterfactuals are metaphysical: in addition to observations, inferences about them must rely on untestable assumptions. In Heckman's (2004: 51) words, ''There is no assumption-free method of causal inference.'' The reason is that even if we observe the marginal distributions of outcomes separately under different institutions, by construction we cannot observe their joint distribution for each set of background conditions, some of which may be unobservable. Hence, different assumptions are needed to correct for each of these biases. We do have a number of statistical ways to cope with them: instrumental variables, Heckman selection models, differences-in-differences, as well as various forms of propensity matching.[11] But since each estimator invokes different assumptions, we must be concerned about the robustness of the conclusions. The question raised thirty years ago by Alasdair MacIntyre (1972) — ''Is the science of comparative politics possible?'' — is not rhetorical.

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[1] Whether in fact there was a reversal is far from obvious. See Przeworski (2004c).

[2] Note that property can be made secure by might, rather than rights. For example, Hafer (2003) shows that a stable property system may be based on individually specific abilities to defend property by force. Acemoglou (2003b), in turn, argues that property can be defended by elevating barriers to entry, which is not a rights-based mechanism.

[3] Hall and Jones 1999; AJR, who also use ''constraints on the chief executive'' from Polity III; Easterly 2002 as well as Rodrik, Subramanian, and Trebbi 2002, who also use other indices generated by Kaufmann, Kraay, and Zoido-L?baton 1999.

[4] For doubts on this topic, see Aron (2000) who observes that indicators based on irreproducible judgments always predict performance, while those based on observable features of institutions rarely do. She also raises the possibility that such indicators may simply reflect recent performance.

[5] Economists are notoriously cavalier about taking the growth of *per capita* income as the dependent variable. The dynamic of population is ignored altogether in the ''kitchen-sink'' regressions, such as Barro's (1989), while population is assumed to grow at a constant exogenous rate in the theoretically motivated studies following Mankiw, Roemer, and Weil (1992). Yet the rate of growth of per capita income is a result of two, partly independent, processes: the growth of total output and the growth of population. And, very much to their surprise, Przeworski et al. (2000) found that

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York, Philadelphia, and Virginia" (119). Although Boix concedes that military mobilization was a separate factor behind a subsequent expansion of the electorate, he feels that more important were equality of conditions under which "American politicians could rest assured about the marginal redistributive consequences of expanding the franchise" (120). Widening income disparities strained these conditions starting in the 1840s, and after the Civil War, class as well as racial struggles underpinned restrictive voter registration practices that dampened voter turnout among blacks and lower class whites in the South and among immigrants in the North.

The rest of the book explores implications of the model for a wide range of subjects. To institutionalists who argue that constitutional design can help alleviate conflict that undermines democracy, Boix says institutions that lock in cooperative outcomes are important only when both parties are balanced enough to fight over the constitutional regime. Otherwise, institutions will reflect the interests of the winner, and hence the importance of understanding how the nature and distribution of assets assign bargaining power. He does allow that, whenever assets are country specific, a strong executive is not a good idea because "it gives its holder an excellent opportunity to grab those assets" (153). He advises against adopting presidentialism in sub-Saharan Africa and in a substantial part of Latin America, and in postsocialist economies rich in natural resources. "But if assets are mobile or spread out among the population, presidential systems are, no matter how powerful they make the executive branch, harmless" (153).

He applies the same logic between countries. Given the vast inequalities of wealth across today's world, Boix notes that world government result in the collapse of democracy. "Today's system of separate nations makes sure that the "South" does not effectively impose redistributive mechanisms on the "North." By extension, regional integration is most likely to emerge spontaneously among countries with similar wealth levels.

On the effects of trade openness on the chances of establishing a stable democracy, Boix gives a mixed prognosis. Along the lines of Stolper/Samuelson/Rogowski, Boix allows that the growth of trade tips in favor of democracy if the poor constitute the abundant factor. But even there, a country such as China with a stark income gap between the coast and the vast hinterland, the coastal regions would resist democracy to prevent massive interregional transfers unless capital were sufficiently mobile to escape taxation. For countries with abundant natural resources, "authoritarian regimes and fratricidal wars will be likely to alternate in a cyclical and devastating manner in the near future" (236). For the countries with factor endowments somewhere between these poles, the future of democracy will depend on the ability of their governments "to generate growth and to spread its fruits fairly" (238).

As this sampling should indicate, this book is a feast of ideas. Like any book that makes bold claims, this will get many of its citations from scholars who want to argue with it. But for Boix' willingness to tackle an enormous question, and for the skill with which he did it, Matthew Gabel and Duncan Snidal and I selected his book as the winner for the Political Economy Book Award.

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political regimes systematically affect the rate of growth of population. The same holds for the Polity measure of institutions (Przeworski 2004c). It thus appears that if political institutions affect anything, it is demographic, rather than economic, performance.

[6] While the view that geography plays an important role in shaping the patterns and the rhythm of development dates back to Montesquieu (1748), this perspective has been recently revitalized under the influence of Diamond (1997) and applied to explain long-term patterns of economic growth by Sachs (2001) and his collaborators (Gallup, Sachs, and Mellinger 1998).

[7] There is nothing new about the claim that institutions are endogenous. Montesquieu as well as Rousseau, the latter in his folkloric description of Poland, claimed that particular institutions can function only if they correspond to cultures, mores, religions, or geographic conditions. J.S. Mill considered the issue of endogeneity in the first chapter of *Considerations*, entitled ''To What Extent Forms of Government are a Matter of Choice."

[8] This is what most of us tended to believe some thirty years ago. See Przeworski (2004a).

[9] A beautiful example where it did is by Banerjee and Iyer (2002).

[10] On causality in a probabilistic framework, see Rubin (1974), Rosenberg (2002), and Heckman (2004).

[11] Rosenberg (2002) presents an exceptionally clear discussion of the issues involved. Winship and Morgan (1999) is a good review of the alternative statistical methods.

GENERAL ANNOUNCEMENTS

FELLOWSHIPS AT THE NATIONAL ENDOWMENT FOR DEMOCRACY

The National Endowment for Democracy (NED) invites applications to its Reagan-Fascell Democracy Fellows Program. Established in 2001 to enable democracy ac-tivists, scholars, and journalists from around the world to deepen their understand-ing of democracy and enhance their ability to promote democratic change, the fel-lowship program is based at NED's International Forum for Democratic Studies, in Washington, D.C.

Program: The program offers two tracks: a *practitioner track* (typically three to five months in duration) to improve strategies and techniques for building democ-racy abroad and to exchange ideas and experiences with counterparts in the United States; and a *scholarly track* (typically five to ten months in length) to conduct original research for publication.

Eligibility: The fellows program is intended primarily to support practitioners and scholars from new and aspiring democracies. Distinguished scholars from the United States and other established democracies are also eligible to apply. Practi-tioners are expected to have substantial experience working to promote democracy. Scholars are expected to have a doctorate, or academic equivalent, at the time of application. The program is not designed to pay for professional training or to sup-port students working toward a degree. *A working knowledge of English is an im-portant prerequisite for participation in the program.*

Support: The fellowship year begins October 1 and runs through July 31, with ma-jor entry dates in October and March. All fellows receive a monthly stipend, health insurance, travel assistance, and research support through the Forum's Democracy Resource Center and Internship Program.

Application: For further details and instructions on how to apply, please download our "Information and Application Forms" booklet, available on our website at **www.ned.org/forum/R-FApplication.pdf** or visit us online at **www.ned.org** and follow the link to "Fellowship Programs." *Please note that all application materi-als must be type-written and in English.*
Deadline: Applications for fellowships in 2005–2006 must be received no later than **November 1, 2004.** Notification of the competition outcome is in April 2005.

For questions, please contact:
Program Assistant, Fellowship Programs Tel.: (202) 293-0300
National Endowment for Democracy Fax: (202) 293-0258
1101 15th Street, N.W., Suite 800 E-mail: **fellowships@ned.org**
Washington, DC 20005 Internet: **www.ned.org**

UPCOMING EVENTS

September 30-October 3, 2004

8th Annual Conference of the International Society for New Institutional Economics , Tucson, AZ. Visit the ISNIE website for conference details and membership information
<**www.insnie.org**>