Pillars of Prosperity

The Political Economics of Development Clusters

A TEN YEAR UPDATE

Introduction

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Introduction

- Exactly ten years since Pillars of Prosperity (hereon 'Pillars') was published.
- Many developments both substantively and academically worth reviewing over the last decade.
  - Political and economic events of the 2010s (democratic backsliding and institutional erosion, rise of China, continuity in civil war incidence, etc).
  - New directions in political economics.

Motivation: "Good Science"

- Bar dedicated meta-analyses (e.g. Blair et al., 2021) and/or comments pieces (e.g. Albouy, 2012), social scientists rarely reappraise the robustness of their own theories with the release of new, "better" data.
- Valid critique of Pillars by Bob Wade (2011): *"[h]ow are the empirical conclusions affected by the poor quality of the data?"* (p. 4).
  - "Poor" mainly for fragile states, where data may be inaccurate or even missing.
- In light of better data released since 2011, we can address this head on.
- But also good to re-evaluate the broad patterns of the theory with new data on i) original cross-section of countries from Pillars and ii) new observations for a cross-section ten years later.

Motivation: Global Developments of the 2010s

- A lot has happened concerning development clusters in the last ten years.
  - Democratic backsliding and institutional erosion (Russia, Turkey, Hungary, Poland, Brazil, etc).
  - Continued rise of China as global superpower to rival the West.
  - Failure of Arab Spring in Middle East.
  - Increases in political violence (civil wars in Syria, Yemen, Central African Republic; repression in Russia, Turkey, Venezuela; etc).
- Worth examining the improvements (or deteriorations) in the general prosperity of countries over the last ten years in light of these developments.

Motivation: New Data, New Variables

- Field of political economy has also witnessed interesting developments over 2010s.
  - More attention paid to endogenous preferences, values and norms, and linking this to effective states (Acemoglu & Robinson, 2019; Besley, 2020; Besley & Persson, 2019; Bisin & Verdier, 2017; Collier, 2017; Persson & Tabellini, 2021).
- Can explore some of these themes which are germane to broader conversations in the book.
- Newly constructed dataset permitted a wider search effort to incorporate new attitudinal variables.

What We Do: New Dataset

- Develop a brand new dataset, *Pillars 2.dta*, which updates and extends all variables from the original dataset, *Pillars.dta*.
- Variables are either i) updated from same data source by ten years or ii) re-created with brand new data.
- New variables also included for robustness check purposes with emergence of new, popular cross-country datasets (e.g. comparing results between Polity and V-Dem).
- Also include new variables to measure collective capacity and cross-national attitudes.

What We Do: New .do Files

- Use *Pillars 2.dta* to run all regressions and recreate all tables and charts from Pillars again but with this new data.
- All results broken down chapter-by-chapter between old data and new data presented in subsequent, attached slides on website.
- Chapter 8 evaluates countries' changes in the 'Pillars of Prosperity Index' over a ten-year long difference.
  - We also carry out various extensions to better empirically highlight "development clusters" from the theory of state spaces in Pillars, correlating this with cross-national civic values/attitudes and life satisfaction.