

Consequences of Constitutions*

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Final version, November 2003

Abstract

The paper presents empirical findings regarding the economic policy consequences of constitutional arrangements, in three different dimensions. First, the data are consistent with several theoretical predictions about the consequences of electoral rules and forms of government for fiscal policy and rent extraction, even when non-random constitution selection is taken into account. Second, empirical tests of the predictions from a new comprehensive model of parliamentary democracy show that proportional elections raise government spending through their indirect consequences for party structures and types of government, rather than through their direct effects on policymaking incentives. Third, new empirical results suggest that constitutional arrangements may have important consequences for structural policies that promote long-run economic performance, hinting at a missing link in the causal chain from history to current economic performance. All these empirical findings appear statistically robust, and the estimated effects are large enough to be of genuine economic interest. (JEL: D72, E60, H00, O11)

*This paper is based on my Presidential Address in the 2003 Congress of the European Economic Association, held in Stockholm August 20-24. I am grateful to Tim Besley and Guido Tabellini for comments, to Jose-Mauricio Prado Jr. for research assistance, and to Christina Lönnblad for editorial assistance. The Swedish Research Council and the Tore Browaldh Foundation provided financial support, as did the Canadian Institute for Advanced Research.

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