

Structure, absorb, and regulate

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- Without some kind of an institutional framework that absorbs and regulates, people fight rather than produce.

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 - Ethnicity

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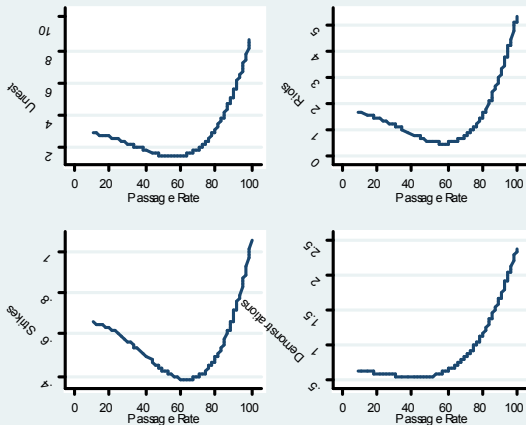
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 - yields: policy is not credible
- Such equilibria exist.

Huge differences (1946-2000)

Country	Years under democracy	Mean unrest
Costa Rica	50	0.47
Dominican Republic	31	2.13
El Salvador	13	1.50
Guatemala	40	1.79
Honduras	22	0.76
Nicaragua	13	2.33
Panama	26	1.32
Argentina	33	3.41
Bolivia	16	3.33
Brazil	26	2.09
Chile	34	1.70
Colombia	42	1.34
Uruguay	39	1.29
Venezuela	40	1.36
Italy	51	5.84
Norway	51	0.10

Strong enough but not autocratic (due to Sebas)

Passage Rates and Political Unrest



N=289. Democracies with per capita GDP below \$6000 (1985 int. prices)

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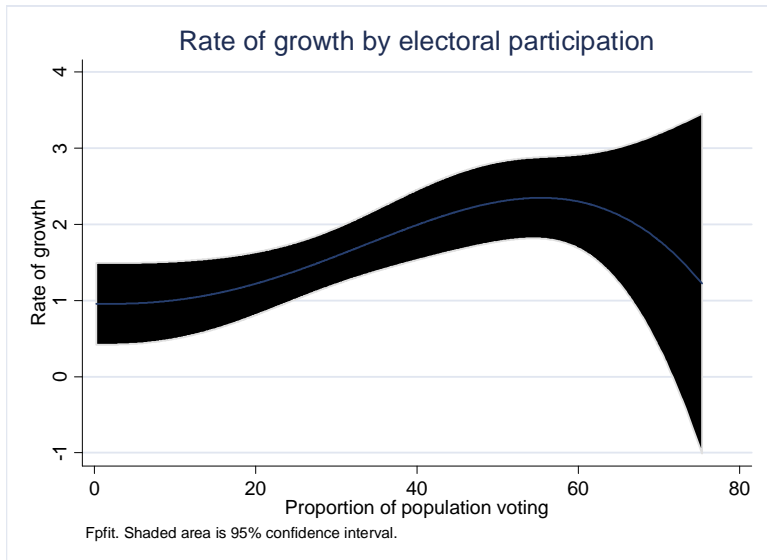
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 - Participation in electoral politics is more extensive,

Legislatures and parties

Legislature	Parties in	Growth	N
closed	—	1.01	1167
open	0	1.42	242
open	1	1.30	1354
open	2	2.06	5144

Electoral participation



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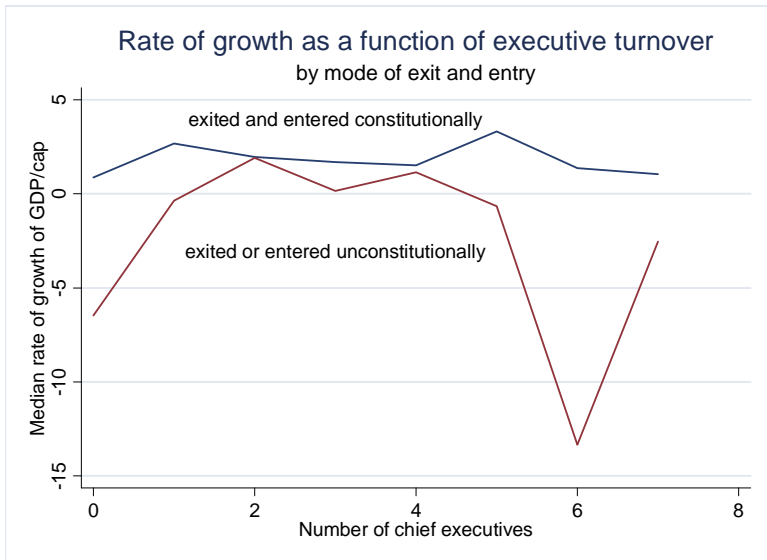
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 - The constitutional provisions concerning the selection of the chief executive and the legislature are complied with,
 - Prime ministers or presidents complete their constitutionally specified terms.
 - Frequent change of chief executives reduce growth only if their entry to or exit from office does not follow constitutional norms.

Exits and entries

exit/entry	current	N	next year	N
both constitutional	1.40	1423	1.90	1413
at least one unconstitutional	0.11	621	0.92	625
both unconstitutional	-0.04	391	1.08	394

term	growth	N
completed	2.03	5546
not completed	1.25	1444

Following rules, not change, matters



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- Institutional change of itself does not affect rates of growth but it does sharply reduce growth when it is accompanied by violations of constitutional norms:
 - Changes of nominal constitutions do not affect growth as long as the constitutional provisions are observed,
 - Changes of constitutional provisions regulating relations among governmental powers – the title of the chief executive, bicameralism, the prerogative to block legislation, and the power of unilaterally dissolve the legislature – do not affect growth as long as these changes are not accompanied by coups.

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 - **expectations?**

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- Strategic analysis
- Mechanisms of effect on growth

