FONDEMENTS DU DIALOGUE CULTUREL

LAG, GAPS AND CONVERGENCES – FIVE CENTURIES OF EUROPEAN ECONOMIC EXPERIENCES[1]

Dr. Bogdan MURGESCU
bmurgescu@gmail.com
Faculty of History, Bucharest University

Abstract:
This paper entails the experience of different European countries in what concerns economic gaps storage, "economic lag" and "catching-up the lag time", confronting economic theories regarding economic growth determinants. Taking into consideration the cases of Denmark and Ireland, which have managed, in different historical periods, to surpass the peripheral condition and relative economic under-development, and to be part of the most developed and prosper group countries; the study evaluates the chances of other countries to realize similar progresses.
Key-words:
Economic history; long-term; development; economic growth; economic gaps; economic institutions; economic lag; catch-up.

What does history tells us about the European economic convergence or divergence during the last centuries?

The first aspect, known pretty well by the economy historians, refers to the fact that **all in all the tendency of divergence levels of the economic development has prevailed over** the economic integration processes. So, gaps have extended during the most part of the historical periods, which means that some countries and regions became wealthier and others, from different reasons, missed development, and became relatively poor. From a global perspective of the continent, the tendency to a certain convergence tipped the balance only in post-war times, but this convergence has been interrupted, for a

[1] This study resumes the general conclusions of B. Murgescu, 2010: 483-489.

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part of Europe, by the structural crisis of the socialist system and by the collapse of communist governments. The tendency to catch-up has been retaken and, for these countries, after they have surpassed reorganization from the first stage of post-communist transition, has been again interrupted by the economic crisis from 2008-2010, and now it is hard to forecast the way and time when it will function.

Performance of different countries has been extremely diverse. The factors that influenced this performance – especially their hierarchy – have been different from one period to the other. The significance of some of these factors has increased in certain historical periods and has reduced in others, so that some people were confident on some countries more than others. The factors for major part of the general debates on this subject – geography, religion, statehood, and economic circumstances – have rather had a modest role (although not completely absent as the serious impact of agricultural depression during inter-war times proves it), completely paled by other factors, often significant interaction factors, such as work performance, human capital storage, social structure, urbanity level, investment level, structural changes in economy and society, institutions, decisions of resource allocation, integration forms in larger economic assemblies, etc.

Of course that we can try to generalize and group several factors into one category, like Daron Acemoğlu when he includes in the technology category not only production methods but also knowledge levels and economic activity organization[2] - and we can ask ourselves if certain method to define certain **ideal types** is useful in a practical analytical way, and if it doesn't rather serve to legitimate simplified forms and relatively ideological ones with a conceptualized economic history. Another example is the recent synthesis of Douglass C. North, John Joseph Wallis and Barry R. Weingast about social orders that have existed along history. In human history there have been only three fundamental societies – "primitive social order", (a kind of hunter-gatherer society); "limited access order or natural-state" and "open access order". They consider that only the last type of society managed to ensure a significant and solid society development, while 'limited access order" societies have remained significantly poor and inequitable than others[3]. According to this taxonomy, the central element of order based on open access is the impersonal pattern of social, political and economic relationships:

[2] D. Acemoğlu, 2009.
[3] D. North, J. J. Wallis, B. Weingast, 2009, pp. 2-13.

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> *„... In the open access orders that emerged in the second social revolution, personal relations still matter, but impersonal categories of individuals, often called citizens, interact over wide areas of social behavior with no need to be cognizant of the individual identity of their partners. Identity, which in natural states is inherently personal, becomes defined as a set of impersonal characteristics in open access orders. The ability to form organizations that the larger society supports is open to everyone who meets a set of minimal and impersonal criteria. Both social orders have public and private organizations, but natural states limit access to those organizations whereas open access societies do not."*[4].

Starting from this central element, these three authors define "limited access order" and "open access order" in contrast. So, meanwhile "limited access order" is characterized by slow growth economies and vulnerable to shocks, political systems lacking in general consent of the public opinion, a relatively reduced number of organizations, governmental devices relatively small and centralized, and social relations organized according to personal guidelines, including privileges, social hierarchies, unequal applied laws, unsecure property rights and the conscience regarding that not all individuals are equal, **"open access order" has the following fundamental features**:

1. Political and economic development.
2. Economies that have less negative growth experiences.
3. Rich and vibrant civil societies with a multitude of organizations.
4. Large governmental devices, more decentralized.
5. Impersonal social relationships wide spread, including rule of law, secure property rights, equity and equality – all aspects of an equal treatment for everyone[5].

These ideal types are, of course, extreme cases, where major real societies are partially framed. The method of North, Wallis and Weingast draws the attention on the economic impact of some components of modernity, as well as creating a coherent theory of transition from the "limited access order" to "open access order", emphasizing the fact that it has two stages and it entails surpassing three phases:

> *"The transition as a result has two stages. First, a natural state must develop institutional arrangements that enable elites to create the possibility of impersonal intraelite relationships.*

[4] D. North, J. J. Wallis, B. Weingast, 2009, p. 2.
[5] D. North, J. J. Wallis, B. Weingast, 2009, pp. 11-12.

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Second, the transition proper begins when members of the dominant coalition find it a matter of self-interest to expand impersonal relationships and to institutionalize open access for all. We call conditions in a natural state that foster impersonal relationships among elites the doorstep conditions. The doorstep conditions reflect institutional and organizational support for increased impersonal exchange as well as institutions based on natural-state logic that can be used in transition in order to support open access orders.

The three doorstep conditions are:

1. *The application of the rule of law to the elites*
2. *The creation of perpetually lived elite organizations in both the public and private spheres*
3. *Consolidated political control over the military*

In combination, the doorstep conditions create an environment that fosters impersonal elite relations."[6].

North, Wallis and Weingast then exemplify the development of such transitions on the specific historical cases of Great Britain, France and United States[7]. They come to the conclusion that transition ingredients, steps and institutions could change but the **essential element was the general directive of passing to "open access"**. Could such theory help us understand why Serbia and Romania are relatively under-developed in the European context, meanwhile Denmark and Ireland have managed in different historical periods to realize the passage from a relative under-development to a reach country with a dynamic economy? Do our examples attest the factors and features significance of the North, Wallis and Weingast model?

The answer is not univocal. Obviously, we can observe characteristics of "limited access order" in Serbia and Romania and appreciate that they contributed to a compromising situation regarding these societies' development chances, and it is harder to evaluate their importance in specific historical failures of these societies. On the other hand, Denmark's experiences in the nineteenth century and Ireland's ones in the twentieth century confirm participation expansion to rights for larger parts of the society and surpassing the three doorstep conditions, as well as their relative insignificance in the general context of these countries' success (for example, the problem of political control

[6] D. North, J. J. Wallis, B. Weingast, 2009, p. 26.
[7] D. North, J. J. Wallis, B. Weingast, 2009, pp. 213-240.

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over military was not intense in any of the analyzed cases although a certain gap in this respect could have been considered a disturbing factor of the economic development chances). So, **the doorstep conditions defined by North, Wallis and Weingast were necessary but not enough** for the economic development success.

Therefore, instead of always trying to analyze how history elements find themselves in specific historical situations, maybe it would be useful the reverse method, the one of analyzing what general elements can be emphasized on the basis of specific historical experiences' study. The experience of the 4 analyzed countries (Denmark, Ireland, Romania, and Serbia) confirms the fact that **breakthrough development, meaning catching-up or even exceeding the developed countries is possible, but not frequent in history.** This kind of development happened in Denmark in 1885-1914 and Ireland in 1987-2007, but didn't succeed in inter-war Romania or in Ireland in 1930, or in socialist Romania.

The two successful examples underline that **such type of breakthrough needs time**. Catching-up lasted several decades and was prepared by changes started long time before. In Denmark these economic socio-political changes started with agricultural reforms in the last two decades of the eighteenth century and slow storage that allowed development success be realized on phases along the entire nineteenth century. In Ireland changes became possible only thanks to the political economic change from the fifties final years and opening opportunities during the government of the prime-minister Seán Lemass. Other said, if the proper breakthrough was realized in several decades, initial changes period was even longer, of around one century in the case of Denmark and about three decades in the case of Ireland.

These findings confirm the observation of Derek Aldcroft that in the Occident the entire development hasn't been realized "over night", that "a rapid revolution didn't take place, but a slow adaptation process of state structures and institutions to the society's needs in the modernization process" and the fact that "they gradually and erratically developed along several centuries [...] represent the partial key of success and a lesson for others"[8]. A similar observation made Daniel Dăianu starting from the failed experience of development of the socialist Romania: "there is a limit speed of the increasing rhythm regarding the technological complexity level of the performance device, determined by the learning line of the labor force, managerial resources stock and quality structure of the performance factors"[9].

[8] D. Aldcroft, R. Catterall, 1996, p. 16 (chapter by Derek Aldcroft).
[9] D. Dăianu, 1999, p. 104.

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The warning for the less developed countries is categorical: many of them, wanting to realize the breakthrough by development and catching-up in unrealistic short periods, "adopts policies meant to realize the impossible, meaning to eliminate the development gap in a few decades although their economic and political systems are not capable of reaching those results. Therefore, many of these efforts end up in absolute failure"[10]. Of course that being a citizen of economic developed countries it is easy to call for patience. Beyond this observation, we must admit that the experience of the analyzed countries, which managed to surpass economic relative under-development, is absolute: **the breakthrough lasted around one generation and the preparatory breakthrough at least one more generation** (or several in the case of Denmark).

Before analyzing the inferences of these rhythms on the people expectations, it is important to also observe some element related to the success experiences from Denmark and Ireland. In none if these cases **catching-up and surpassing periods needed a genius political government** and not even very creative or of high performance one.

The Denmark's example, whose adjustment to the unfavorable context of the global situation in the 1873-1895 years was facilitated by the political factors' inability to promote a way of passing to protectionism in favor of cereal producers, is an example for the fact that economic success was possible even in the context of a very pedestrian government. And similar things could be said about many of the Irish governs from the "Celtic tiger". There was rather need of a political vision and courage of radical reforms at the beginning of the preparatory stage of the breakthrough, as it was the case of agricultural reforms in 1780 and 1790 Denmark, or the case of economic opening, foreign capital promotion and recovery in the educational plan initiated in Ireland during the government of the prime-minister Seán Lemass (1959-1966).

There was no need of genius concepts, or complex and sophisticated plans created by intellectuals, although when they existed they didn't interfere with anything. **There was rather need of a long set of punctual contributions to a better development of the institutions and economy**, realized in the name of perfectly done things.

[10]D. Aldcroft, R. Catterall, 1996, p. 19 (chapter by Derek Aldcroft).

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A pragmatic predominant spirit was needed[11], and what Alexandru Duţu evoked in 1997 in the combination "severe Romania", "some serious people who mind their own business, do they job, assume duties that they discretely accomplish and fulfill their career, full of responsibility"[12]. Therefore long-time results were needed not only for the companies' development but also for the entire economy, and the good working order of the institutions, especially "intermediary" institutions, which "are not only placed in the middle, between macro and micro space of an hierarchic system, but they also take an effective role of mediation between "up" and "down" (and they breakthrough the hierarchic system [of the state device])"[13]. The development of institutions means social capital storage, as better performance depends not only on institutions but also on the improvement of knowledge stock of labor force, which means human capital storage. Last but not least, the Danish and Irish example shows us that for the preparation and fulfillment of a breakthrough towards the status of developed country, **too pronounced social polarizations needed to be avoided**[14].

Here must be clearly underlined the fact that the imperative of avoidance of too pronounced social polarizations doesn't mean an extreme equalitarianism and neither excessive protection of individuals or organizations which are against effectiveness of social and economic activity; besides, work relationships system from Denmark is – as in chapter IV.3.1. – characterized by work relationships flexibility, meaning possibility that employers have to quickly offer license to their employees and neither in Ireland in the last decades we cannot talk about a high restriction regarding capital in relations with labor force. Avoiding social polarizations entails a certain attention to specific social and economic policies so that the entire society (or at least the major

[11]Regarding this aspect, Lazăr Vlăsceanu complained about the fact that in Romanian intellectual analyses, on development aspects, *„occidental imitation and real and effective problems detach prevailed over the shelter of refined culture and the ideology of irreconcilable oppositions*" and said that *„without a focus on production and specific technologies for present times, development will be suspended in ideology, and under-development and our peripheral position in Europe will become even more pronounced*" (L. Vlăsceanu, 2001, pp. 76, 125).

[12] Al. Duţu, 2009, p. 131.

[13] H. Sundhaussen, 1994b, pp. 47-48.

[14] Daniel Dăianu referred to this aspect when he underlined the imperative of keeping „a tolerable level of social stress (a significant social cohesion)" (Dăianu, Vrânceanu 2002, p. 289). Derek Aldcroft severely criticized the situations when fiscal and redistributive policies of the state *„tend to favor a small minority over the major population [...] and to consolidate an unequal distribution of incomes and wealth" so that „government is in and for elites*" (Aldcroft, Catterall, 1996, p. 19 – chapter by Derek Aldcroft).

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part of it) can participate in progress and can benefit from the economic growth results.

The examples of Denmark and Ireland show that they also needed a **gradual and controlled opening towards the supranational economic circuits**, European and/or global ones. The breakthrough included integration processes into the work international division and improvement of scale economies derived from specialization and production for export. This implied accommodation to the transnational capital and international organisms' requirements. Both cases, herein analyzed, the one of Ireland in the last decades of the twentieth century, maybe more clear than the one of Denmark in the nineteenth century, promoted "advance by invitation"[15], quoting Immanuel Wallerstein.

What are the perspectives of the European less developed countries? ("lagged" or "retrograded")

What can we conclude on the basis of the experiences of five history centuries and the successful cases that we have studied?

Regarding Romania, the conditions for "advance by invitation" exists but that doesn't actually mean that they will be developed. The experience in the period 2000 – 2008 showed that a certain convergence is possible and we assume that the tendency of reaching the average of the development level of the European Union countries will be restarted at 1-2 years after the surpass of the present economic crisis. At a level of 50-60% of the GNP/habitant of EU27, this convergence can be realized especially through the improvement of differences between the general level of wages from Romania and the existent one in the other states of the EU. Then, for a real "catch-up" there will be necessary an upgrade of the economic activities mix, a significant improvement of institutions operating system, human capital and complete social policies' storage. It remains an open subject the way in which Romania will manage to prepare for this passage to a new stage.

Relatively good are also medium-term perspectives for Serbia, especially if manages to join the European Union in less than a decade.

But, for Romania and Serbia, all depends on the **general evolutions of the European Union**. Despite the strong skepticisms from the last years, the European Union is, from an historical

[15] I. Wallerstein, 1979, pp. 80-81. Neither in this case nor in the ones of Europe the breakthrough was not realized by isolation strategies, of auto-sufficiency or imports' substitution, although the last one had a positive role either in the preparatory stage of „catch-up", or in certain moments of consolidation after reaching the economic development country status.

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perspective, a great success story. The EU not only managed to reunite former opponents and contribute to the safe development of Europe, but also offered a favorable frame to the economic development of the state members. The euro currency, whose introduction was seen by many people unsecure or even hostile, seemed to be a stable factor during the global economic crisis from 2007-2010, and the possibility for the financial situation of intense crisis from Greece to unbalance the entire euro area is extremely reduced. Others are the real risks of the continuous development of the European Union. These risks are related in a certain way to the financial gaps of some states in the crisis context, and more connected to the inevitable process of people ageing and institutional inflexibilities (especially in work relationships field and improvement of the research-development activities). These factors contribute to re relatively reduced competition of the European economies at a global level, which, if the present tendencies persist on a long-term period, might lead to the situation when Europe can become a medium-developed area, under the classification of dynamic economies of East Asia and United States. And for Romania, as well as for other state members, it is not an irrelevant fact whether the European Union becomes one of the worldwide economic leaders, or just a relatively under-developed courtyard of a global economy centered round the Pacific Ocean, having as poles China and/or the United States. Therefore, it will be the interest of new members, including Romania, to take action in order to consolidate the institutional efficiency of the European Union, to keep its dynamic through expansion and integration of new countries with development potential, and to enlarge the integration so that the EU can be a coherent and strong actor on the global scene.

A penultimate aspect is that a great part of our analysis was centered on the economic performance of different countries measured by the evolution of the GNP/habitant. Many economists, sociologists, and philosophers give warnings about the fact that such persistence reflect a schematic vision on human societies' development and say that we should take into consideration other elements of welfare, such as life quality, subjective levels of satisfaction and hidden costs of capitalist economic development. Debating the tendencies of the eighties, which refer to the relatively increase of the GNP in its role of economic performance criterion, Moses Abramowitz showed that "when the GNP/habitant gets high and numerous populations become concentrated, the unmeasured costs of the growth become much more relevant"[16].

[16] M. Abramowitz, 1989, p. 344.

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Moses Abramowitz offered to take action between the two types of positions, although he sustained that the available goods and services increase extended the options for individuals and communities[17]. In this respect we can say that **until we have a saturation of goods and services availability it might be inevitable that the concern about the quantitative dimension of economic performance prevail over quality and/or sustainable aspects.**

On the other hand, if we agreed upon the fact that the actual economic gaps accumulated in time and the surpass of "lag time" will require in the best case some decades, maybe 1-2 generations, still remains the **problem of people's horizons of expectations**. The historical experience shows us that it is not possible to encourage, on long-term, a large number of persons only by promising a better life at retirement and/or for their nephews. In such situations a large number of persons can decide that they would rather find individual solutions of salvation or take action for alternative economic policies. That is why it is important that certain stage results be available for a great number of persons as soon as possible. Because we must not forget that economic development is not the abstract universe of theories and magic-mathematical formulas, but a problem that entails complex societies, diverse institutions and especially people in flesh and bones.

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[17] M. Abramowitz, 1989, p. 341.

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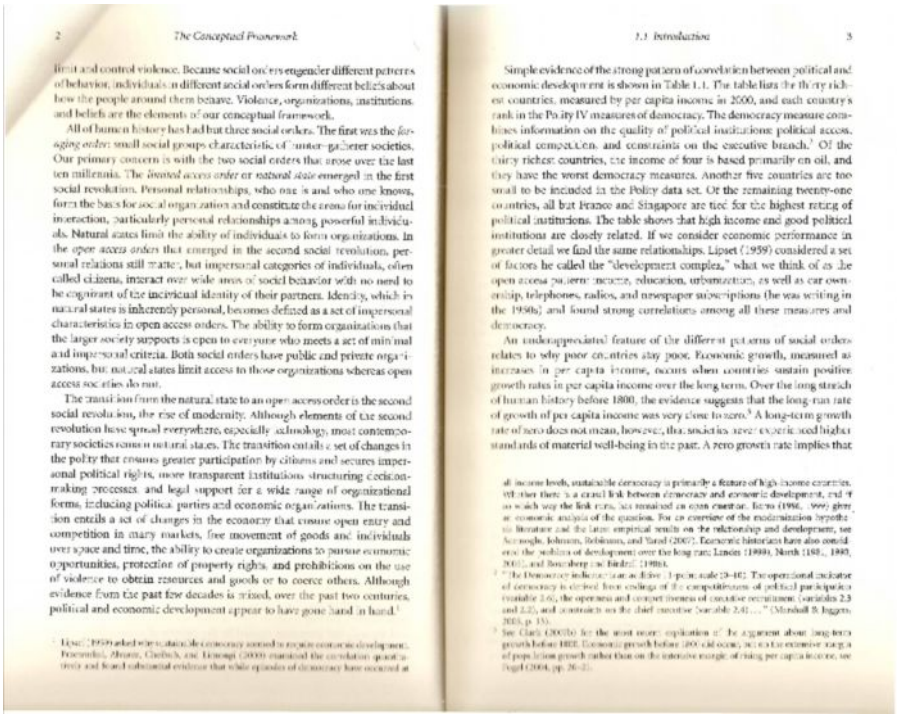
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2 The Conceptual Framework

limit and control violence. Because social orders engender different patterns of behavior, individuals in different social orders form different beliefs about how the people around them behave. Violence, organizations, institutions, and beliefs are the elements of our conceptual framework.

All of human history has had but three social orders. The first was the *foraging order*: small social groups characteristic of hunter-gatherer societies. Our primary concern is with the two social orders that arose over the last ten millennia. The *limited access order* or *natural state* emerged in the first social revolution. Personal relationships, who one is and who one knows, form the basis for social organization and constitute the arena for individual interaction, particularly personal relationships among powerful individuals. Natural states limit the ability of individuals to form organizations. In the *open access orders* that emerged in the second social revolution, personal relations still matter, but impersonal categories of individuals, often called citizens, interact over wide areas of social behavior with no need to be cognizant of the individual identity of their partners. Identity, which in natural states is inherently personal, becomes defined as a set of impersonal characteristics in open access orders. The ability to form organizations that the larger society supports is open to everyone who meets a set of minimal and impersonal criteria. Both social orders have public and private organizations, but natural states limit access to those organizations whereas open access societies do not.

The transition from the natural state to an open access order is the second social revolution, the rise of modernity. Although elements of the second revolution have spread everywhere, especially technology, most contemporary societies remain natural states. The transition entails a set of changes in the polity that ensures greater participation by citizens and secures impersonal political rights, more transparent institutions structuring decision-making processes, and legal support for a wide range of organizational forms, including political parties and economic organizations. The transition entails a set of changes in the economy that ensure open entry and competition in many markets, free movement of goods and individuals over space and time, the ability to create organizations to pursue economic opportunities, protection of property rights, and prohibitions on the use of violence to obtain resources and goods or to coerce others. Although evidence from the past few decades is mixed, over the past two centuries, political and economic development appear to have gone hand in hand.[1]

[1] Lipset (1959) asked when a stable democracy seemed to require economic development. Przeworski, Alvarez, Cheibub, and Limongi (2000) examined the correlation question directly and found substantial evidence that while episodes of democracy have occurred at

1.1 Introduction 3

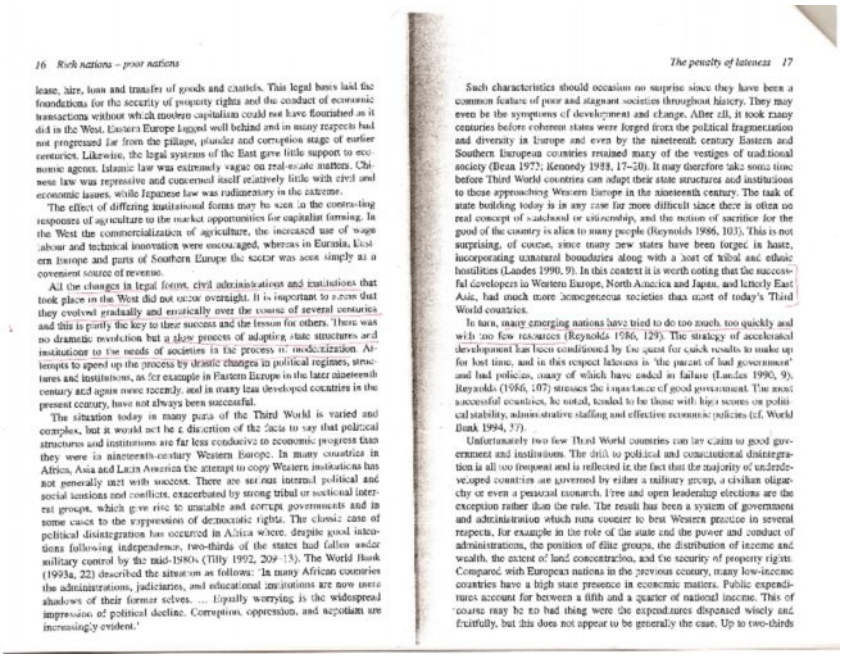
Simple evidence of the strong pattern of correlation between political and economic development is shown in Table 1.1. The table lists the thirty richest countries, measured by per capita income in 2000, and each country's rank in the Polity IV measures of democracy. The democracy measure combines information on the quality of political institutions: political access, political competition, and constraints on the executive branch.[1] Of the thirty richest countries, the income of four is based primarily on oil, and they have the worst democracy measures. Another five countries are too small to be included in the Polity data set. Of the remaining twenty-one countries, all but France and Singapore are tied for the highest rating of political institutions. The table shows that high income and good political institutions are closely related. If we consider economic performance in greater detail we find the same relationships. Lipset (1959) considered a set of factors he called the "development complex," what we think of as the open access pattern: income, education, urbanization, as well as car ownership, telephones, radios, and newspaper subscriptions (he was writing in the 1950s) and found strong correlations among all these measures and democracy.

An underappreciated feature of the different patterns of social orders relates to why poor countries stay poor. Economic growth, measured as increases in per capita income, occurs when countries sustain positive growth rates in per capita income over the long term. Over the long stretch of human history before 1800, the evidence suggests that the long-run rate of growth of per capita income was very close to zero.[3] A long-term growth rate of zero does not mean, however, that societies never experienced higher standards of material well-being in the past. A zero growth rate implies that

at income levels, sustainable democracy is primarily a feature of high-income countries. Whether there is a causal link between democracy and economic development, and if so which way the link runs, is examined in great detail. Barro (1996, 1999) gives an economic analysis of the question. For an overview of the modernization hypothesis in literature and the latest empirical results on the relationship and development, see Acemoglu, Johnson, Robinson, and Yared (2007). Economic historians have also considered the problem of development over the long run: Landes (1998), North (1981, 1990, 2005), and Rosenberg and Birdzell (1986).

[1] "The Democracy indicator is an additive 11-point scale (0–10). The operational indicators of democracy is derived from codings of the competitiveness of political participation (variable 2.6), the openness and competitiveness of executive recruitment (variables 2.3 and 2.4), and constraints on the chief executive (variable 2.4)…." (Marshall & Jaggers, 2005, p. 15).

[3] See Clark (2007b) for the most recent exploration of the argument about long-term growth before 1800. Economic growth before 1800 did occur, but as the extensive margin of population growth rather than on the intensive margin of rising per capita income, see Engel (2004, pp. 26–27).



16 Rich nations – poor nations

lease, hire, loan and transfer of goods and chattels. This legal basis laid the foundations for the security of property rights and the conduct of economic transactions without which modern capitalism could not have flourished as it did in the West. Eastern Europe lagged well behind and in many respects had not progressed far from the pillage, plunder and corruption stage of earlier centuries. Likewise, the legal systems of the East gave little support to economic agents. Islamic law was extremely vague on real-estate matters. Chinese law was repressive and concerned itself relatively little with civil and economic issues, while Japanese law was rudimentary in the extreme.

The effect of differing institutional forms may be seen in the contrasting responses of agriculture to the market opportunities for capitalist farming. In the West the commercialization of agriculture, the increased use of wage labour and technical innovation were encouraged, whereas in Eurasia, Eastern Europe and parts of Southern Europe the sector was seen simply as a convenient source of revenue.

All the changes in legal forms, civil administrations and institutions that took place in the West did not occur overnight. It is important to stress that they evolved gradually and erratically over the course of several centuries and this is partly the key to their success and the lesson for others. There was no dramatic revolution but a slow process of adapting state structures and institutions to the needs of societies in the process of modernization. Attempts to speed up the process by drastic changes in political regimes, structures and institutions, as for example in Eastern Europe in the later nineteenth century and again more recently, and in many less developed countries in the present century, have not always been successful.

The situation today in many parts of the Third World is varied and complex, but it would not be a distortion of the facts to say that political structures and institutions are far less conducive to economic progress than they were in nineteenth-century Western Europe. In many countries in Africa, Asia and Latin America the attempt to copy Western institutions has not generally met with success. There are serious internal political and social tensions and conflicts, exacerbated by strong tribal or sectional interest groups, which give rise to unstable and corrupt governments and in some cases to the suppression of democratic rights. The classic case of political disintegration has occurred in Africa where, despite good intentions following independence, two-thirds of the states had fallen under military control by the mid-1980s (Tilly 1992, 209–13). The World Bank (1993a, 22) described the situation as follows: 'In many African countries the administrations, judiciaries, and educational institutions are now mere shadows of their former selves. … Equally worrying is the widespread impression of political decline. Corruption, oppression, and nepotism are increasingly evident.'

The penalty of lateness 17

Such characteristics should occasion no surprise since they have been a common feature of poor and stagnant societies throughout history. They may even be the symptoms of development and change. After all, it took many centuries before coherent states were forged from the political fragmentation and diversity in Europe and even by the nineteenth century Eastern and Southern European countries retained many of the vestiges of traditional society (Bean 1973; Kennedy 1988, 17–20). It may therefore take some time before Third World countries can adapt their state structures and institutions to those approaching Western Europe in the nineteenth century. The task of state building today is in any case far more difficult since there is often no real concept of statehood or citizenship, and the notion of sacrifice for the good of the country is alien to many people (Reynolds 1986, 103). This is not surprising, of course, since many new states have been forged in haste, incorporating unnatural boundaries along with a host of tribal and ethnic hostilities (Landes 1990, 9). In this context it is worth noting that the successful developers in Western Europe, North America and Japan, and latterly East Asia, had much more homogeneous societies than most of today's Third World countries.

In turn, many emerging nations have tried to do too much, too quickly and with too few resources (Reynolds 1986, 129). The strategy of accelerated development has been conditioned by the quest for quick results to make up for lost time, and in this respect lateness is 'the parent of bad government' and bad policies, many of which have ended in failure (Landes 1990, 9). Reynolds (1986, 107) stresses the importance of good government. The most successful countries, he noted, tended to be those with high scores on political stability, administrative staffing and effective economic policies (cf. World Bank 1994, 37).

Unfortunately too few Third World countries can lay claim to good government and institutions. The drift to political and constitutional disintegration is all too frequent and is reflected in the fact that the majority of underdeveloped countries are governed by either a military group, a civilian oligarchy or even a personal monarch. Free and open leadership elections are the exception rather than the rule. The result has been a system of government and administration which runs counter to best Western practice in several respects, for example in the role of the state and the power and conduct of administrations, the position of élite groups, the distribution of income and wealth, the extent of land concentration, and the security of property rights. Compared with European nations in the previous century, many low-income countries have a high state presence in economic matters. Public expenditures account for between a fifth and a quarter of national income. This of course may be no bad thing were the expenditures dispersed wisely and fruitfully, but this does not appear to be generally the case. Up to two-thirds

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