

Der Wettbewerb und die Vielfalt der Institutionen als Erfolgsgeheimnis Europas

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Zwei Arten des institutionellen Wettbewerbs:

1. Wettbewerb durch Mobilität zwischen Institutionen
(Albert O. Hirschman: „exit“)
2. Wettbewerb durch Vergleiche zwischen den
Institutionen (Pierre Salmon: „yardstick
competition“)

David Hume

Of the Rise and Progress of the Arts and Sciences
(1742)

„Nothing is more favourable to the rise of politeness and learning than a number of neighbouring and independent states connected together by commerce and policy. The emulation, which naturally arises among those neighbouring states, is an obvious source of improvement. But what I would chiefly insist on is the stop which such limited territories give both to power and to authority.”

David Hume (op.cit.)

„Greece was a cluster of little principalities which soon became republics; and being united by their near neighbourhood and by the ties of the same language and interest, they entered into the closest intercourse of commerce and learning. There concurred a happy climate, a soil not unfertile and a most harmonious and comprehensive language so that every circumstance among that people seemed to favour the rise of the arts and sciences. Each city produced its several artists and philosophers who refused to yield the preference to those of the neighbouring republics. Their contention and debates sharpened the wits of men. A variety of objects was presented to the judgement, while each challenged the preference to the rest, and the sciences, not being dwarfed by the restraint of authority, were enabled to make such considerable shoots as are even at this time the objects of our admiration”.

David Hume (op. cit.)

„If we consider the face of the globe, Europe, of all four parts of the world, is the most broken by seas, rivers and mountains and Greece of all countries of Europe. Hence, these regions were naturally divided into several distinct governments. And hence the sciences arose in Greece; and Europe has been hitherto the most constant habitation of them... Europe is at present a copy at large of what Greece was formerly a pattern in miniature...

But China is one vast empire... This seems to be one natural reason why the sciences have made so slow progress in that mighty empire“.

Montesquieu, L'Esprit des Loix (1748)

„En Asie, on a toujours vu de grands empires: en Europe, ils n'ont jamais pu subsister. C'est que l'Asie que nous connoissons a de plus grandes plaines ... La puissance doit donc être toujours despotique en Asie... En Europe, le partage naturel forme plusieurs états d'une étendue médiocre, dans lesquels le gouvernement des loix n'est pas incompatible avec le maintien de l'état: au contraire, il est si favorable, que, sans elles, cet état tombe dans la décadence et devient inférieur à tous les autres. C'est qui a formé un génie de liberté.“ (Livre XVII, Ch. VI).

Montesquieu (op. cit.)

(Les Juifs) „inventèrent les lettres de change, et par ce moyen, le commerce put éluder la violence et se maintenir par-tout; le négociant le plus riche n'ayant que des bien invisibles, qui pouvoient être envoyés par-tout et ne laissoient de trace nulle part ... Il a fallut, depuis ce temps, que les princes se gouvernassent avec plus de sagesse qu'ils n'auroient eux-même pensé, car, par l'événement, les grands coups d'autorité se sont trouvés si mal-adroits, que c'est une expérience reconnue, qu'il n'y a plus que la bonté du gouvernement qui donne la prospérité“ (Livre XXI, Ch. XX).

Anne Robert Jacques Turgot

Letter to Richard Price (1778)

„The asylum which (the American people) opens to the oppressed of all nations must console the earth. The ease with which it will now be possible to take advantage of this situation, and thus to escape from the consequences of a bad government, will oblige the European governments to be just and enlightened“.

Immanuel Kant

Idee zu einer allgemeinen Geschichte in weltbürgerlicher Absicht (1784)

„Jetzt sind die Staaten schon in einem so künstlichen Verhältnisse gegeneinander, daß keiner in der inneren Kultur nachlassen kann, ohne gegen die andern an Macht und Einfluß zu verlieren... Bürgerliche Freiheit kann jetzt auch nicht sehr wohl angetastet werden, ohne den Nachteil davon in allen Gewerben, vornehmlich dem Handel, dadurch aber auch die Abnahme der Kräfte des Staates im äußeren Verhältnisse zu fühlen. Diese Freiheit geht aber allmählich weiter. Wenn man den Bürger hindert seine Wohlfahrt auf alle ihm selbst beliebige Art, die nur mit der Freiheit anderer zusammen bestehen kann, zu suchen, so hemmt man die Lebhaftigkeit des durchgängigen Betriebes, und hiermit wiederum die Kräfte des Ganzen. Daher wird die persönliche Einschränkung in seinem Tun und Lassen immer mehr aufgehoben, die allgemeine Freiheit der Religion nachgegeben“.

Immanuel Kant, Zum Ewigen Frieden (1795)

„Für Staaten, im Verhältnisse untereinander, kann es nach der Vernunft keine andere Art geben, aus dem gesetzlosen Zustande, der lauter Krieg enthält, herauszukommen, als daß sie, ebenso wie einzelne Menschen, ihre wilde (gesetzlose) Freiheit aufgeben, sich zu öffentlichen Zwangsgesetzen bequemen und so einen freiheitlich immer wachsenden Völkerstaat (civitas gentium), der zuletzt alle Völker der Erde befassen würde, bilden. Da sie dies aber ... nicht wollen, so kann an die Stelle der positiven Idee einer Weltrepublik ... nur das negative Surrogat eines den Krieg abwehrenden, bestehenden, und sich immer ausbreitenden Bundes ... den Strom der rechtsscheuenden, feindseligen Neigung aufhalten ... Nun haben wir oben gesehen, daß ein föderativer Zustand der Staaten, welcher bloß die Entfernung des Krieges zur Absicht hat, der einzige, mit der Freiheit derselben vereinbare, rechtliche Zustand sei“.

Adam Ferguson

Essay on the History of Civil Society (1767)

„Among the advantages which enable nations to run the career of policy as well as of arts, ... we should reckon every circumstance which enables them to divide and to maintain themselves in distinct and independent communities. The society and concourse of other men are not more necessary to form the individual than the rivalship and competition of nations are to invigorate the principles of political life in a state. Their wars, and their treaties, their mutual jealousies, and the establishments which they devise with a view to each other, constitute more than half the occupations of mankind, and furnish materials for their greatest and most improving exertions. For this reason, clusters of islands, a continent divided by many natural barriers, great rivers, ridges of mountains, and arms of the sea, are best fitted for becoming the nursery of independent and respectable nations“.

Adam Smith

An Inquiry into the Nature and Causes of the Wealth of Nations (1776)

„The ... proprietor of stock is properly a citizen of the world and is not necessarily attached to any particular country. He would be apt to abandon the country in which he is exposed to a vexatious inquisition in order to be assessed a burdensome tax and would remove his stock to some country where he could either carry on his business or enjoy his fortune at ease. A tax that tended to drive away stock from a particular country would so far tend to dry up every source of revenue both to the sovereign and society ... The nations, accordingly, who have attempted to tax the revenue arising from stock, instead of any severe inquisition ... have been obliged to content themselves with some very loose and, therefore, more or less arbitrary estimation“.

Federal Farmer

The American Anti-Federalists (12.10.1787)

„One government and general legislation alone never can extend equal benefits to all parts of the United States: Different laws, customs and opinions exist in the different states which by a uniform system of laws would be unreasonably invaded ... The people in a small state can unite and act in concert and with vigour; but in large territories, the men who govern find it more easy to unite, while people cannot“.

Edward Gibbon

History of the Decline and Fall of the Roman Empire (1787)

„Europe is now divided into twelve powerful, though unequal, kingdoms, three respectable commonwealths, and a variety of smaller, though independent states ... The abuses of tyranny are restrained by the mutual influence or fear and shame; ... monarchies have imbibed the principles of freedom, or at least of moderation; and some sense of honour and justice is introduced into the most defective constitutions by the general manners of the times. In peace, the progress of knowledge and industry is accelerated by the emulation of so many active rivals ... The division of Europe into a number of independent states, connected, however, with each other by the general resemblance of religion, language and manners, is productive of the most beneficial consequences to liberty and mankind ... but the empire of the Romans filled the world“.

Alexis de Tocqueville

De la Démocratie en Amérique (1835)

„Plus le peuple est grand, plus le prince est fort ... Les petites nations ont donc été de tout temps le berceau de la liberté politique ... La liberté forme, à vrai dire, la condition naturelle des petites sociétés ... S'il n'y avait que de petites nations et point de grandes, l'humanité serait à coup plus libre et plus heureuse ... Rien n'est si contraire au bien-être et à la liberté des hommes que les grands empires ... Chez les grandes nations centralisées, le législateur est obligé de donner aux lois un caractère uniforme que ne comporte pas la diversité des lieux et des mœurs“.

Lord Acton

The History of Freedom in Antiquity (1877)

„If the distribution of power among the several parts of the state is the most efficient restraint of monarchy, the distribution of power among several states is the best check on democracy. By multiplying centres of government and discussion it promotes the diffusion of political knowledge and the maintenance of healthy and independent opinion. It is the protectorate of minorities and the consecration of self-government ... It is bad to be oppressed by a minority but it is worse to be oppressed by a majority“.

Lord Acton

The History of Freedom in Christianity (1877)

„The only influence capable of resisting the feudal hierarchy was the ecclesiastical hierarchy; and they came into collision ... To that conflict of four hundred years we owe the rise of civil liberty. If the Church had continued to buttress the thrones of the king whom it anointed, or if the struggle had terminated speedily in an undivided victory, all Europe would have sunk down under a Byzantine or Muscovite despotism ... But although liberty was not the end for which they strove, it was the means by which the temporal and the spiritual power called the nations to their aid“.

Lord James Bryce

The American Commonwealth (1888)

„Federalism enables a people to try experiments which could not safely be tried in a large centralised country“.

Max Weber

Wirtschaftsgeschichte (1923)

„In der Neuzeit ... gerieten (die Städte) in die Gewalt konkurrierender Nationalstaaten, die in ständigem friedlichen und kriegerischen Kampf um die Macht lagen. Dieser Konkurrenzkampf schuf dem neuzeitlich-abendländischen Kapitalismus die größten Chancen. Der einzelne Staat mußte um das freizügige Kapital konkurrieren, das ihm die Bedingungen vorschrieb, unter denen es ihm zur Macht verhelfen wollte. Aus dem notgedrungenen Bündnis des Staates mit dem Kapital ging der nationale Bürgerstand hervor...“.

TABLE 1

The classical case for political fragmentation and institutional competition: A synopsis

Institutional competition				
interjurisdictional			intra-jurisdictional	freedom
exit mechanism		yardstick competition (voice I)		
capital	labour			
Montesquieu (1748)		Hume (1742): arts and sciences		Montesquieu (1748)
Adam Smith (1776)		Ferguson (1767): political life		Ferguson (1767)
	Turgot (1778)			Adam Smith (1776)
	Gibbon (1787)	Gibbon (1787) : knowledge and industry		Turgot (1778) Kant (1784) Gibbon (1787)
		Acton (1877): political knowledge	Acton (1877)	Anti-Federalists (1787)
Max Weber (1923)				(Tocqueville 1835) Acton (1877)

Note: Parentheses indicate that political fragmentation is thought to strengthen freedom for reasons other than institutional competition

Henry C. Simons

Economic Policy for a Free Society (1948)

Apart from security and trade policy, the „other powers and functions (of the nation states) must be diminished in favor of states, provinces, and, in Europe, small nations ... The good political order is one in which small nations and governments on the scale of American states are protected in their autonomy against neighbours and protected against federalisms or unions which appropriate their powers“.

Geoffrey Brennan, James M. Buchanan

The Power to Tax (1980)

„The potential for fiscal exploitation varies inversely with the number of competing governmental units ... The potentiality for collusion among separate units varies inversely with the number of units. If there are only a small number of nominally competitive governments, collusion among them with respect to their mutual exercise of their assigned taxing powers may be easy to organize and to enforce. Total government intrusion into the economy should be smaller, ceteris paribus, the greater the extent to which taxes and expenditures are decentralized ... Tax competition among separate units rather than tax collusion is an objective to be sought in its own right“.

Friedrich A. Hayek

Choice in Currency (1976)

„There could be no more effective check against the abuse of money by the government than if people were free to refuse any money they distrusted and to prefer money in which they had confidence. Nor could there be a stronger inducement to governments to ensure the stability of their money than the knowledge that, so long as they kept the supply below the demand for it, that demand would tend to grow. Therefore, let us deprive governments (or their monetary authorities) of all power to protect their money against competition ... I prefer the freeing of all dealings in money to any sort of monetary union also because the latter would demand an international monetary authority which I believe is neither practicable nor even desirable“.

Leopold Kohr

The Breakdown of Nations (1957)

„Democracy is inseparably connected with the smallness of the collective organism of which the individual is part – the state. (Without) “the little-state world from which our individualistic Western civilization has sprung ... it cannot continue ... Our statesmen seem to have nothing at all on their minds except our unification that will ... doom our civilisation“.

Jean Baechler

Essai sur les origines du système capitaliste (1968)

„L'expansion du capitalisme tire ses origines et sa raison d'être de l'anarchie politique ... L'anarchie intérieure, héritée de l'ordre féodal, fut donc le moteur de l'expansion capitaliste ... L'extension des activités économiques repose sur l'absence d'un ordre politique étendu à l'échelle de l'aire culturelle ...“

Les origines du capitalisme (1971)

„La limitation de la puissance vers l'extérieur et la menace constante d'un assaut étranger (les deux caractères d'un système pluripolaire) ont fait que le pouvoir était également limité vers l'intérieur ... Les ressorts profonds de l'expansion capitaliste sont, d'une part, la coexistence de plusieurs unités politiques dans un même ensemble culturel, et, d'autre part, le pluralisme politique, qui libère l'économie“.

Robert G. Wesson: State Systems (1978)

„If dissenters can go abroad, it is difficult to repress dissent ... Hence rulers must act with restraint ... They may ... offer incentives for men, especially merchants, to come to their realm (85) ... When merchants can travel and trade internationally, they have some power; they are desired because they bring wealth, and they must be treated with consideration ... The merchant class stands for lawful, reliable government responsive to private, or individual, interests (86) ... The strife of contending states makes people valuable, both as fighters and as producers (87) ... That Europe maintained itself in a stable state of division for so many centuries of unexampled progress is historically miraculous“.

Eric Jones

The European Miracle (1981)

„But how did Europeans escape crippling exploitation by their rulers? ... The rulers of the relatively small European states learned that by supplying the services of order and adjudication they could attract and retain the most and best-paying constituents ... Europe offered a series of refuges to the oppressed and its history might be written as a saga of the escape of refugees from its wars, invasions and religious persecutions“.

Douglass C. North

The Rise of the Western World (1998)

„It was the dynamic consequences of the competition amongst fragmented political bodies that resulted in an especially creative environment ... The key to the story is the variety of the options pursued and the increased likelihood (as compared to a single unified policy) that some would turn out to produce economic growth ... It was precisely the lack of large scale political and economic order that created the essential environment hospitable to economic growth and ultimately human freedoms“.

David S. Landes

The Wealth and Poverty of Nations (1998)

„Ironically, then, Europe’s great good fortune lay in the fall of Rome and the weakness and division that ensued ... The Roman dream of unity, authority, and order (the pax Romana) remained, indeed has persisted to the present. After all, one has usually seen fragmentation as a great misfortune, as a recipe for conflict ... And yet, ... fragmentation was the strongest brake on wilful, oppressive behaviour. Political rivalry and the right of exit made all the difference“.

Angehöriger regionaler oder religiöser Minderheiten:

- Schotten (nach 1707): David Hume, Adam Ferguson, Adam Smith
- deutsche Calvinisten: Johannes Althusius, Justus Möser
- der frankophone Schweizer J.J. Rousseau
- der britische Katholik Lord Acton
- der Ire Lord (James) Bryce
- der Südstaatler James Buchanan
- amerikanische Wirtschaftshistoriker jüdischen Ursprungs: Joel Mokyr, Nathan Rosenberg usw.
- der Elsässer Jean Baechler

Tabelle 2 — Die Erklärung der Staatsquoten in 17 Industrieländern 1980–1986 (Querschnittsanalyse) *Vanberg (1993)*

Konstante	Bevölkerungsdichte	Zentralstaatliche Ausgaben/gesamte Staatsausgaben	Zentralstaatliche Finanzausweisungen/zentralstaatliche Ausgaben	Kontinuierliche demokratische Wahlen in Jahren (Rustow)	R^2 \bar{R}^2
24,167 (1,70)	0,024 (1,08)	0,261 (1,46)	0,173 (0,72)		0,294 0,131
27,718 (2,11)	0,022 (1,02)	0,253 (1,45)			0,266 0,161
24,882 (1,94)		<u>0,323</u> (2,00 ^o)			0,211 0,159
1,547 (1,28)	0,037 ln (1,05)	0,421 ln (1,58)		0,266 ln (1,37)	0,332 0,178
1,224 (1,05)		0,531 ln (2,16 ^o)		0,254 ln (1,30)	0,275 0,172

t-Statistik in Klammern. — ^oSignifikant auf dem 10-vH-Niveau.

Quelle: IMF, Government Finance Statistics Yearbook. Washington, lfd. Jgg.; International Bank for Reconstruction and Development, World Development Report. New York, lfd. Jgg.; Rustow [1967, Tab. 5].

Moesen, van Cauwenberge (PC 2000)
 Querschnittanalyse, 19 OECD-Länder,
 1990-92

$$L = \underset{(6.92)}{0.38} + \underset{(1.61)}{4.8 \cdot 10^{-6}} \cdot \text{GDPCAP} - \underset{(-4.37)}{\frac{0.40 \cdot \text{DECEN}}{}}$$

$$R^2 = 0.55$$

$$\text{S.E. of regression} = 0.06$$

where

L = Total government expenditures (central, state and local levels, including social security) as a percentage of GDP

GDPCAP = GDP per capita at 1990 prices

DECEN = (Local government expenditures – transfers received – local borrowing)/total government expenditures

= Local government taxes/total government expenditures

Table 1. Government workers (FTE) per capita as a function of local community factors, market factors, and exogenous conditions, controlling for SMSA, pooled cross-sectional analysis, 1972, 1977, 1982 *FTE: full-time equivalent*

Variable	B	T-Test	Beta
Demand			
Median income (\$000s)	7.06(c)	<u>5.38</u>	.107
Rent (%) <i>= M. Schneider</i>	0.73	<u>13.42</u>	.208
No. gov. workers	-0.31	-0.50	.007
Constraints			
True value (\$000s)	8.79(c)	11.06	.184
Tax bill	2.45(f)	2.55	.043
Debt	1.06(d)	5.71	.072
Population	2.30(f)	1.84	.029
Distance	-4.09(b)	-2.02	-.028
Density	-3.21(b)	-2.04	-.030
Intergovernmental factors			
Fed. categorical aid	1.34(c)	<u>4.35</u>	.094
Gen. revenue sharing	7.32(c)	<u>7.10</u>	.098
State categorical aid	2.79(c)	<u>5.40</u>	.209
General state aid	2.06(c)	<u>1.68</u>	.051
Mandates	-3.30(c)	-0.71	-.036
Functions	0.03	9.98	.168
Economic composition			
Manufacturing	0.19	3.28	.061
Services	0.73	4.19	.082
Retail	0.24	1.50	.024
Wholesale	0.35	1.79	.036
Public-sector work force factors			
Unionization	1.09(c)	<u>2.35</u>	.036
Pay ratio	-7.55(d)	-0.54	-.000
Competition			
Borders (no.)	-6.99(c)	<u>-1.79</u>	-.025
S.D. total expenditures	-4.11(d)	<u>-1.68</u>	-.042
S.D. tax bill	-7.70(e)	<u>-1.99</u>	-.045
Time			
1977 dummy	-0.15	-6.79	-.134
1982 dummy	-0.35	-10.93	-.303
Constant	3.48	1.92	

Adjusted R square: .58

M. Schneider, Public Choice, 1989.

SMSA dummy variable coefficients are not reported separately. "Categorical aid" includes formula, project and block grants. Number of cases in pooled sample = 2523.

(a) coefficient*10**3;

(b) coefficient*10**4;

(c) coefficient*10**3;

(d) coefficient*10**5;

(e) coefficient*10**2;

(f) coefficient*10**8;

(g) coefficient*10**9.

*841 local authorities
three years*

TABLE 4—ESTIMATION OF STATE TAX CHANGES

Explanatory variable	Dependent variables					
	Change in income-tax liability, \$40,000 joint filers 1979-1988			Change in sales, income, and corporate taxes per capita, 1962-1988		
	Governor cannot run for reelection	Governor can run for reelection		Governor cannot run for reelection	Governor can run for reelection	
	OLS	OLS	2SLS ^a	OLS	OLS	2SLS
Neighbors' tax change ($t - [t - 2]$)	-0.006 (0.05)	0.305 (2.49)	0.746 (1.81)	0.086 (1.01)	0.216 (3.23)	0.538 (1.96)
State income per capita ($t - [t - 2]$)	-0.011 (0.34)	-0.068 (2.09)	-0.073 (2.16)	0.023 (3.70)	0.016 (3.84)	0.014 (2.80)
State unemployment rate ($t - [t - 2]$)	9.13 (1.58)	17.35 (1.71)	18.52 (1.77)	-0.665 (0.45)	-3.17 (2.07)	-2.19 (1.25)
Proportion young (aged 5-17) ($t - [t - 2]$)	-3,381.30 (0.74)	-3,680.97 (0.80)	-356.80 (0.92)	631.96 (2.17)	618.10 (2.63)	545.51 (2.17)
Proportion elderly (aged 65+) ($t - [t - 2]$)	4,315.03 (1.05)	15,791.35 (2.33)	12,813.98 (1.72)	1,287.50 (1.75)	512.57 (1.18)	697.88 (1.46)
Governor's age	-7.75 (2.12)	-0.126 (0.06)	0.027 (0.01)	0.323 (1.12)	-0.118 (0.50)	-0.096 (0.38)
Number of observations:	113	302	302	354	846	813
Overidentification test: ^b (<i>P</i> value):		$t_{.05} = 1.97$	1.26 (0.287)		$t_{.05} = 1.96$	0.20 (0.820)

Notes: Numbers in parentheses are *t* statistics. All regressions include state and year indicator variables. OLS denotes ordinary least-squares analysis; 2SLS denotes two-stage least-squares analysis.

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VOL. 85 NO. 1

BESLEY AND CASE: INCUMBENT BEHAVIOR

35

TABLE 3—ESTIMATION OF INCUMBENT DEFEAT BASED ON LINEAR PROBABILITY MODELS
USING TAXSIM DATA ON CHANGES IN INCOME-TAX LIABILITY, 1977-1988
(DEPENDENT VARIABLE: GOVERNOR DEFEATED OR RETIRED)

$t_{.10} = 1.66$
 $t_{.05} = 2.00$

Variable	Income = \$40,000				Income = \$100,000			
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)
Own tax change	0.0004 (1.44)				0.0001 (1.84)			
Own tax change (IV) ^a		0.0022 (1.56)				0.0006 (1.67)		
Own tax change (2SLS) ^b			0.0013 (1.57)				0.0005 (1.80)	
Neighbors' tax change	-0.0012 (1.94)	-0.0014 (1.80)	-0.0013 (1.94)		-0.0005 (2.85)	-0.0007 (2.71)	-0.0007 (2.82)	
Unanticipated own tax change ^c				0.0004 (1.35)				0.0001 (1.58)
Unanticipated neighbors' tax change ^c				-0.0008 (1.43)				-0.0004 (2.31)
Δ State income per capita (\$1,000's)	-0.123 (0.79)	-0.005 (0.02)	-0.052 (0.29)	-0.144 (0.93)	-0.214 (1.42)	-0.286 (1.55)	-0.280 (1.56)	-0.216 (1.40)
Δ Neighboring states' incomes per capita (\$1,000's)	-0.089 (0.52)	-0.104 (0.47)	-0.098 (0.51)	-0.248 (0.28)	-0.003 (0.02)	0.137 (0.61)	0.124 (0.58)	0.008 (0.05)
Δ State's unemployment rate	0.082 (1.76)	0.088 (1.48)	0.085 (1.65)	0.088 (1.87)	0.069 (1.50)	0.043 (0.76)	0.046 (0.83)	0.083 (1.79)
Δ Neighboring states' unemployment rate	-0.067 (1.17)	-0.059 (0.80)	-0.062 (0.97)	-0.078 (1.35)	-0.045 (0.79)	-0.011 (0.16)	-0.014 (0.21)	-0.073 (1.28)
Δ Total state debt (\$1,000's)	-0.236 (0.69)	-6.77 (1.24)	-0.502 (1.15)	-0.249 (0.73)	-0.317 (0.95)	-0.739 (1.45)	-0.700 (1.47)	-0.317 (0.93)
Δ Total neighboring state debt (\$1,000's)	0.701 (1.48)	1.354 (1.74)	1.095 (1.77)	0.790 (1.48)	0.724 (1.58)	1.087 (1.80)	0.001 (1.82)	0.821 (1.76)
Governor's age	0.024 (2.44)	0.022 (2.48)	0.023 (2.86)	0.023 (2.25)	0.025 (2.61)	0.022 (2.78)	0.023 (2.84)	0.023 (3.56)
Number of observations:	85	85	85	85	85	85	85	85
Overidentification test: ^d (P value for F statistic)			0.706 (0.716)				0.640 (0.774)	

Notes: Numbers in parentheses are *t* statistics. "Retired" governors are those eligible for reelection who choose not to run and do not run for Congress. "Unanticipated" tax change is the difference between the actual tax change and that predicted by an ordinary least-squares regression that includes changes in state income per capita, unemployment, proportion elderly, and proportion young as explanatory variables.

increase of indicators = deregulation

Table 7.4 Panel estimation product market deregulation (dependent variable: change product market regulation indicator)

	(1)	(2)	(3)	(4)	(5)	(6)
<i>Convergence, learning and yardstick</i>						
Level product reg. (-1)	0.145***	0.152***	0.127***	0.145***	0.128**	0.107**
Square of lagged level (-1)	-0.101**	-0.103**	-0.092*	-0.105**	-0.111*	-0.080
<u>Yardstick (-1)</u>	0.148***	0.142***	0.141***	0.131***	0.116**	0.116***
<i>Trade and capital mobility</i>						
Mobility princp. component (-1)	-0.003	-	-	-	-0.004	-0.004
Trade (-1) $(X+Im)/Y$	-	-0.000	-	-	-	-
FDI (-1) gross	-	-	0.002*	-	-	-
Capital flows (-1) (gross)	-	-	-	0.000	-	-
<i>Decentralization/EU</i>						
<u>DRD3 revenue decentr.</u>	-0.000	0.000	-0.000	0.000	-0.050	-0.000
EU dummy	0.001	0.003	0.001	0.002	0.001	0.003
<i>Regulatory interactions</i>						
Level financial reg. (-1)	-	-	-	-	0.009	-
Level trade reg. (-1)	-	-	-	-	0.036	-
Level labour reg. (-1)	-	-	-	-	0.079	-
Mean regulation (-1)	-	-	-	-	-	0.038
<i>Crisis proxies</i>						
Growth (-1)	-0.000	0.000	-0.000	-0.000	0.022	0.000
Inflation (-1)	-0.001*	-0.001**	-0.001*	-0.001*	-0.001	-0.000
<i>Ideology dummy (divergence from centre)</i>						
Ideology dummy: left (-1)	-0.007	-0.006	-0.007	-0.007	-0.007	-0.007
Ideology dummy: right (-1)	-0.001	-0.001	-0.001	-0.001	-0.000	-0.001
Included fixed effects	cross-section	cross-section	cross-section	cross-section	cross-section	cross-section
N of observations	354	370	354	366	352	352
R-squared	0.25	0.26	0.26	0.26	0.27	0.26

Friedrich Heinemann (ZEW)
in Bernholz, Vambel, eds., 2007

Table 7.6 Panel estimation labour market deregulation (dependent variable: change labour market regulation indicator)

	(1)	(2)	(3)	(4)	(5)	(6)
	<i>Convergence, learning and yardstick</i>					
Level labour reg. (-1)	-0.100	-0.302***	-0.104	-0.280**	-0.127	-0.099
Square of lagged level (-1)	-0.02	0.118*	-0.069	0.118	-0.081	-0.057
<u>Yardstick (-1)</u>	-0.028	-0.077*	-0.027	-0.060	-0.074	-0.007
	<i>Trade and capital mobility</i>					
Mobility princip. component (-1)	0.001	-	-	-	0.002	0.001
Trade (-1)	-	-0.000**	-	-	-	-
FDI (-1)	-	-	0.000	-	-	-
Capital flows (-1)	-	-	-	-0.000	-	-
	<i>Decentralization/EU</i>					
<u>DRD3 revenue decenbr.</u>	0.000**	0.000***	0.000***	0.000***	0.000***	0.000***
EU dummy	0.004	0.004	0.005	0.003	0.004	0.004
	<i>Regulatory interactions</i>					
Level financial reg. (-1)	-	-	-	-	0.001	-
Level trade reg. (-1)	-	-	-	-	-0.005	-
Level product reg. (-1)	-	-	-	-	0.003	-
Mean other regulation (-1)	-	-	-	-	-	-0.012
	<i>Crisis proxies</i>					
Growth (-1)	0.000	0.000*	0.000	0.000	0.000	0.000
Inflation (-1)	0.000**	0.000	0.000*	-0.000	0.000	0.000
	<i>Ideology dummy (divergence from centre)</i>					
Ideology dummy: left (-1)	0.007**	0.005	0.007**	0.005	0.005	0.007**
Ideology dummy: right (-1)	0.011***	0.009**	0.011***	0.009**	0.009**	0.010***
Fixed effects	cross-section / period	cross-section	cross-section / period	cross-section	cross-section	cross-section / period
N of observations	351	367	351	363	351	351
R-squared	0.41	0.33	0.41	0.31	0.33	0.41

Table 4. Determinants of reform in the regulation policy area, 1970-2000
(Economic and Labour Market Regulation)

Dependent variable: Δreg regulation policy (reg) → <i>Germany, Law from 2004</i>	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
weights →	equal	ΔGEO	ΔGDP	ΔGPC	ΔLEG	GDP	GW	GPC
reg (t-1)	0.568* (0.000)	0.532* (0.000)	0.631* (0.000)	0.510* (0.000)	0.438* (0.000)	0.596* (0.000)	0.606* (0.000)	0.579* (0.000)
Wreg <i>Capital share of GDP of EU countries</i>	0.839* (0.000)	0.840* (0.000)	0.457* (0.003)	0.600* (0.000)	0.579* (0.000)	0.757* (0.000)	0.848* (0.000)	0.813* (0.000)
GPC (t-1) <i>(real GDP per capita)</i>	0.552* (0.024)	0.569* (0.044)	0.714* (0.009)	0.325 (0.375)	0.347 (0.239)	0.727* (0.001)	0.483* (0.049)	0.508* (0.031)
growth (t-1)	-0.043 (0.228)	-0.040 (0.259)	-0.038 (0.290)	-0.042 (0.149)	-0.010 (0.762)	-0.046 (0.110)	-0.053 (0.116)	-0.024 (0.414)
open (t-1) <i>(Exports/GDP + Imports/GDP)</i>	0.132 (0.514)	0.049 (0.793)	-0.046 (0.754)	0.209 (0.357)	0.238 (0.348)	0.005 (0.972)	0.088 (0.585)	0.143 (0.284)
polcon <i>(political constraints on EU countries)</i>	0.511 (0.194)	0.082 (0.841)	0.330 (0.502)	0.452 (0.235)	0.276 (0.572)	0.130 (0.774)	0.425 (0.256)	0.527 (0.163)
govleft	-0.262* (0.042)	-0.257* (0.031)	-0.194 (0.181)	-0.230 (0.068)	-0.190* (0.047)	-0.264* (0.044)	-0.255* (0.036)	-0.250* (0.047)
enopp <i>(no. of parties in parliament)</i>	-0.092* (0.009)	-0.090* (0.002)	-0.083* (0.053)	-0.096* (0.012)	-0.004 (0.885)	-0.096* (0.020)	-0.083* (0.020)	-0.093* (0.009)
Obs/Countries	133/23	133/23	133/23	133/23	133/23	133/23	133/23	133/23
Hansen-test	(1.000)	(1.000)	(1.000)	(1.000)	(1.000)	(1.000)	(1.000)	(1.000)
DIF-Sargan	(0.337)	(0.962)	(0.467)	(0.729)	(0.183)	(0.564)	(0.637)	(0.138)
AR2-test	(0.569)	(0.570)	(0.918)	(0.689)	(0.676)	(0.500)	(0.178)	(0.518)

Note: Results obtained from one step-system GMM estimator. All regressions include a deterministic time trend, trade bloc-dummies and a constant (not reported). Robust P-values in parentheses. With the exception of *enopp*, *govleft* and the trade bloc-variables, all covariates are treated as endogenous. $n = 134$.

ΔGEO = geographical distance between capitals

ΔLEG = same legal origin in other countries

GW = growth performance of other countries

GPC = real GDP per capita

ΔGDP = difference in GDP vis-à-vis other countries

ΔGPC = " " GDP per capita vis-à-vis other countries

Table 2. Determinants of Inflation, 1960-85 (pooled), 66 countries

	Whole Sample			Industrial Countries			Developing Countries		
	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
CAPCON	2.17* (0.21)	2.87* (0.96)	2.02* (0.2)	2.67* (0.27)	2.94* (0.38)	1.94* (0.42)	1.46 (0.82)	0.96 (0.22)	2.30* (0.18)
CURCON	1.04 (0.76)	1.14* (0.20)	1.17* (0.41)	1.12* (0.21)	1.18* (0.36)	1.13* (0.76)	0.73 (0.26)	1.36 (0.45)	-1.40 (-1.38)
MULTEX	5.38* (0.25)	5.22* (0.77)	5.64* (0.22)	-0.22 (-0.66)	0.27 (0.38)	0.18 (1.27)	6.98* (0.72)	5.25* (0.94)	4.47* (0.42)
LEGAL	-0.07 (-4.12)	-3.86 (-4.90)	-0.13 (-1.23)	-1.10 (-1.16)	-4.17 (-4.77)	-4.61 (-1.18)	...	...	...
TURNOVER	0.12* (0.04)	0.20* (0.47)	0.18 (0.22)	...	...	...	6.42* (2.19)	7.28* (2.35)	2.21 (0.10)
LEFT	1.82* (0.16)	0.91* (0.34)	0.47 (0.35)	1.36* (0.15)	0.78* (0.36)	0.74* (0.33)	3.17 (1.62)	1.38 (0.83)	-0.74 (0.11)
WHEM	6.95* (0.72)	5.71* (0.34)	0.67 (0.52)	...	...	...	1.22* (0.16)	4.07* (0.78)	1.71 (0.32)
COML	-0.01 (-0.02)	1.36* (0.82)	0.18 (0.18)	0.71 (1.22)	1.21* (0.46)	0.96* (0.18)	-4.86 (-1.01)	-4.36 (-1.84)	-2.66 (-1.16)
TCHANGE	0.05 (0.17)	0.01 (0.21)	...	0.03 (0.06)	0.02 (0.25)	...	0.11 (0.06)	0.15 (1.22)	...
TCOUP	0.01* (0.44)	-0.04 (-0.30)	...	...	...	...	0.21 (1.28)	0.17 (1.08)	...
GDPGR	1.76* (0.06)	0.81* (0.32)	...	-1.27 (-1.76)	-0.88 (-1.06)	...	4.78* (0.36)	4.91* (0.36)	...
DEFT (2)	-0.22 (-1.70)	0.02 (0.07)	-0.02 (-1.14)	-0.17 (-1.26)	-0.08 (-1.42)	-0.01 (-0.12)	-0.22 (-1.76)	-0.10 (-0.72)	-0.27 (-1.28)
OPEN	-0.01 (-1.04)	-0.02 (-1.34)	-0.06 (-1.38)	0.02 (1.16)	-0.01 (-1.09)	-0.02 (-0.96)	-0.02 (-1.43)	-0.02 (-1.35)	-0.05 (-1.18)
EER	-7.42 (-1.81)	-3.42 (-1.41)	-2.01 (-0.81)	-4.01 (-1.08)	-3.13 (-0.98)	-1.07 (-4.09)	-10.30 (-4.71)	-4.01 (-1.38)	-4.17 (-4.42)
R ²	0.23	0.36	0.26	0.36	0.30	0.42	0.27	0.29	0.39
Number of observations	1,261	1,061	1,261	446	446	446	407	407	407

Note: t-statistics are in parentheses. Regression (1) is ordinary least squares. Regression (2) is weighted least squares, time dummies. Regression (3) is weighted least squares, time + country dummies.

1997-2011 Page 48 (43/55) 34
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Explanatory variables:

- CAPCON:** dummy variable taking the value of one when capital controls are in place, and zero otherwise. Controls defined as "restrictions on payments in capital transactions."
- CURCON:** dummy variable taking the value of one when restrictions on current account transactions are in place, and zero otherwise. Current account restrictions defined as "restrictions on payments for current transactions."
- MULTEX:** dummy variable taking the value of one when multiple exchange rate practices are in place, and zero otherwise. Multiple exchange rate practices defined as "separate exchange rate(s) for some or all capital transactions and/or some or all invisibles."
- EER:** dummy variable taking the value of one during periods of fixed or managed exchange rates and zero during periods of freely floating exchange rates.
- DEFT:** ratio of government budget deficit to GDP. *(2 = Capped)*
- LEGAL:** index of legal central bank independence. Higher numbers correspond to more central bank independence.
- TURNOVER:** actual turnover of central bankers per year.
- LEFT:** dummy variable taking the value of one when a democratic left-wing government is in power, and zero otherwise.
- COML:** dummy variable taking the value of one when a coalition government is in power, and zero otherwise.
- WHEM:** dummy variable taking the value of one when a totalitarian government is in power, and zero otherwise. *(no democracy)*
- OPEN:** ratio of the sum of imports and exports to GDP.
- TCHANGE:** total number of government changes for a given country, 1950-82.
- TCOUP:** total number of successful coups in a given country, 1950-82.

Table 2
Capital account liberalization and inflation (cross-section analysis)

Equation	OLS	X	X	X	WLS	WLS/OLS ^a			
	IMF -ERAR (2.1)	SQT index ^b (2.2)	IMF -ERAR + CB (2.3)	IMF+Region LDCs (2.4)	IMF -ERAR + CB ^c (2.5)	IMF -ERAR (2.6)	SQT index ^b (2.7)	IMF -ERAR + CB (2.8)	IMF+Region LDCs (2.9)
Constant	2.55 (1.56)	2.57 (1.68)	3.39 (1.91)	2.44 (1.82)	3.23 (1.93)	2.57 (1.57)	2.59 (1.60)	2.91 (1.90)	1.91 (1.91)
GDP per capita 1990pp	-0.34 (107)	-0.35 (109)	-0.47 (111)	-0.71 (111)	-0.45 (111)	-0.37 (107)	-0.39 (109)	-1.33 (1.08)	-0.22 (1.12)
Change in trade openness ^d	-0.36 (1.23)	-0.11 (1.22)	-0.79 (1.09)	-0.44 (1.12)	-0.31 (1.05)	-0.31 (1.22)	-0.02 (1.12)	1.12 (1.49)	-1.63 (1.19)
Capital/turnover account	-0.79 (1.14)	-1.01 (1.22)	-0.77 (1.08)	-0.75 (1.12)	-0.77 (1.14)	-1.14 (1.25)	-1.11 (1.44)	-0.74 (1.25)	-1.13 (1.49)
Latitude						0.01 (1.00)			
Central bank turnover ^e			-1.01 (1.74)		-0.41 (1.67)			-1.21 (1.18)	
Switch to fuel & ore				-0.52 (1.25)					-0.68 (1.21)
Number of observations	61	60	60	79	60	101	10	29	79
Adjusted R ²	0.34	0.33	0.42	0.31	0.47	0.39	0.20	0.31	0.26
White heteroskedasticity test—significance level	0.68	0.58	0.05	0.76	0.19				
DF	0.42	0.79	0.61	0.52	0.71	0.62	0.66	0.71	0.65
OLS consistency test— sarghede level ^f	0.1	0.35	0.92	0.36					
Burton-Hansen language test—significance level ^g						0.14	0.75	1.41	0.21

Dependent Variable: Change in Log Average CPI Inflation from 1981–90 to 1991–96 (White Heteroskedasticity—Consistent standard errors).
^a Equations 1.2 and 1.2a use an average of the 1974 and 1988 Quies Toyoda indices while equation 2.2 and 2.2g in Table 2 employ the change in a 'synthetic' QT (SQT) openness index constructed by the authors (see Footnote 2). The other equations all use the composite index derived from three current and capital account (ERAR) restrictions: current and capital account restrictions and 'seize export proceeds.' Table 2 uses changes in that index in Table 2. Other than equation 2.4 where they sample less developed countries (LDCs) only, we start with Romer's (1993) 114-country sample but then lost some countries to various missing data problems.
^b Instruments include all variables except the capital controls index plus total GDP PPP5/1963, log area in square miles and a country dummy for fuel exporters. The data for these last three variables was obtained from Romer (1993), Appendix 2 and from the GDN data base 'Fixed Factors' spreadsheet—also the source of the latitude measure (see World Bank Growth Research Web Page: www.worldbank.org/research/growth/GDNdata.htm#4).
^c Trade openness in Table 1 is the share of imports in GDP 1974–1980, in Table 2 it is the change in this import share divided by the import share in the 1980s. The political stability measure came directly from Romer (1993), Appendix 2.
^d Central Bank Turnover is our indicator of Central Bank Independence as prepared for 61 countries by Cukierman et al. (1992) and reported in their Table 11, page 380.
^e This Durbin-Wu-Hausman test statistic compares the TSLS and OLS estimates assuming the former are consistent. The confidence level for rejecting the null of consistent OLS estimates is reported here.
^f This is the significance level for rejecting the overidentifying restriction that the instrumented regressors are orthogonal to the error term.

Bold-faced standard errors: significance at 5 percent level.

Table 4. Linear System Specification for Log Inflation and the Budget Deficit: 3SLS.

Estimation

Dependent variables:

	<i>Financial Openness Exogenous</i>		<i>Financial Openness Endogenous</i>		
	Log Inflation	Budget Deficit	Log Inflation	Budget Deficit	Financial Openness
Log Inflation (Percent p.a.)		0.08 (0.64)		0.11 (0.81)	-1.43 (9.01)
Budget Deficit (Percent GDP)	0.05 (0.06)		0.02 (0.07)		-3.03 (3.68)
Financial Openness (Percent GDP)	-0.002*** (0.001)	0.001 (0.005)	-0.01** (0.01)	0.05 (0.04)	
Exchange Rate Flexibility (1-15)	0.12*** (0.02)		0.12** * (0.02)		
Central Bank Governor Turnover (0-1.4)	0.86*** (0.26)		0.79*** * (0.30)		
Number of Government Changes (0-3.4)		1.41*** (0.45)		1.72*** (0.56)	
Number of Coalition Governments (0-1)		0.62 (0.63)		0.28 (0.73)	
Trade Openness (Percent GDP)	-0.004** (0.002)	-0.01 (0.01)	-0.0002 (0.003)	-0.02 (0.02)	0.34** (0.15)
Industrial Countries (dummy)	-1.03*** (0.28)	-1.63 (1.13)	-0.39 (0.55)	-4.41* (2.55)	52.29*** (20.02)
Financial Openness in Neighboring Countries [*]					0.48** (0.20)
Region dummies	yes	yes	yes	yes	yes
Period dummies	yes	yes	yes	yes	yes
N	272	272	267	267	267
"R2"	0.90	0.53	0.83	0.35	0.58
First Stage F-test for Financial Openness			5.69 [0.02]	5.69 [0.02]	
First Stage F-test	5.00 [0.01]	29.38 [0.00]	4.67 [0.01]	27.21 [0.00]	
Over-identification test (Sargan Chi2)	0.59 [0.44]	0.81 [0.57]	0.57 [0.45]	3.01 [0.08]	0.25 [0.88]

^{*} Weighted averages of gross foreign assets and liabilities as a share of GDP in other countries on the same continent, with weights inversely related to distances from a given country.

Region dummies: Asia and Pacific, Middle East and North Africa, Sub-Saharan Africa, Latin America, North America, and Europe.

Period dummies: 1975-1979, 1980-1984, 1985-1989, 1990-1994, and 1995-1999.

*, **, and *** denote statistical significance at 10 percent, 5 percent, and 1 percent, respectively. Standard errors in parentheses. F-values in brackets. All variables are 5-year averages.

Tytle, Wej, INF WP 08, 2004

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A) Erfolgreich:

Freihandel, freier Kapitalverkehr, Niederlassungsfreiheit (d.h., Beseitigung nationalstaatlicher Beschränkungen) – sie verstärken den institutionellen Wettbewerb.

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