The Constitution and Economic Progress:
When "More is Less and Less is More"

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Abstract

This study postulates some relationship between the attributes of constitutions – the style of constitutions regarding brevity, coverage, and presence of economic and social guarantees – with economic factors and the economic performance of countries. Utilizing quantifiable measures of these constitutional characteristics, these economic determinants are used to explain the differences in the economic performance of countries. A simple statistical model is set up to quantify this relationship. Expanded coverage and the presence of extensive social and economic rights in constitutions do not guarantee good economic performance. Extensive coverage of constitutional provisions tends to create a downward effect on the level of economic performance. Excessively detailed constitutional style provides a constraining effect on the level of economic performance. On the other hand, competitiveness of the economy, an economic attribute, raises economic performance.

Key words: Constitutions; economic growth; economic reform, social and economic rights.

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I.   Introduction

A country's economic progress depends on the laws that guide the behavior of economic agents. An extension of this dictum would be to state that the economic performance of a nation depends on the way the basic law of the land is written. If economic performance is measured by the growth of per capita output, then the principal economic agents of change are the factors of production.

The basic law of the land – the Constitution – embodies the ideals and the vision of the good life of a nation. Along with these high aspirations, the Constitution also frames the body of fundamental laws and political institutions that are critical in setting the way economic agents behave.

Thus, the Constitution as a document permits a glimpse of the way the nation's founding leaders viewed the social and political contract between the government and those that it governs.

Constitutional documents provide the yardstick for the measurement of certain characteristics of the written constitutions. Such characteristics refer to the coverage of

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[*] The authors are husband and wife and academic colleagues as well, with fulfilling careers as professors at the University of the Philippines (he in Economics, and she in Political Science). They have probably discussed most of the worthwhile issues under the sun, with constitutional change being in the forefront of their current discussion agenda.

topics, the extent of permissiveness or restraints on the actions of its citizens, and specific details that might be applicable to some countries.

The language, the style of presentation, and the content of these constitutional documents are characteristics that might be collectively grouped as *constitutional style*. This study focuses on constitutional style and the relationship that it might have on economic outcomes.

II.   A sketch of economic and political interaction

If y refers to economic performance, we postulate that certain attributes related to constitutional construction and economic factors could influence such performance. We call constitutional attributes as x factors and economic factors as z factors. A simple model relating these variables could simply postulate a linear relationship among the y factor with the x factors and the z factors. The x factors represent the complex of political and other circumstances that lead to certain aspects of the constitution. The z factors refer to measures of economic activity.

The constitutional attributes – x factors

The attributes of length of a constitutional document, its style of presentation, the nature of the various provisions on special issues are determined by many factors. Among them is the historical stage in which a country's government resolves the way the provisions of the constitution get written.

Imagine a country in which the fight for independence ends up without decimating the number of major political and social leaders. Moreover, this country inherits a long tradition of political development from the past political regime. Anticipating the future course of political development that does not call for retribution against any other groups of citizens, except maybe against the former colonial rulers, who would have already been driven away or silenced by political defeat, that country's constitution could include personal guarantees for the safety and security of the citizen. Hence, they draft a constitution that guarantees of individual political liberties, as a prominent feature of that document.

On the other hand, imagine another country in which the change to a new system of rule was preceded by a bloody civil war, with great animosities among groups of the citizenry. Constitutional writing in this country would decimate or render completely powerless many articulate leaders who could serve as stylists of constitutional language. Since the winners in a political struggle write the constitution, through self-selection, these winners or a small group of them write the constitution replete with the rhetoric of the revolutionary (ideological) struggle. The content of that constitution would, expectedly also be full of provisions that would insure that the losers in the political struggle would never get the upper hand.

The reader with historical recall would find that the first example almost describes how the constitution of the United States of America ever came to be written. It had, in addition to those historical circumstances, quite a number of learned writers who became the important leaders of the then young republic.
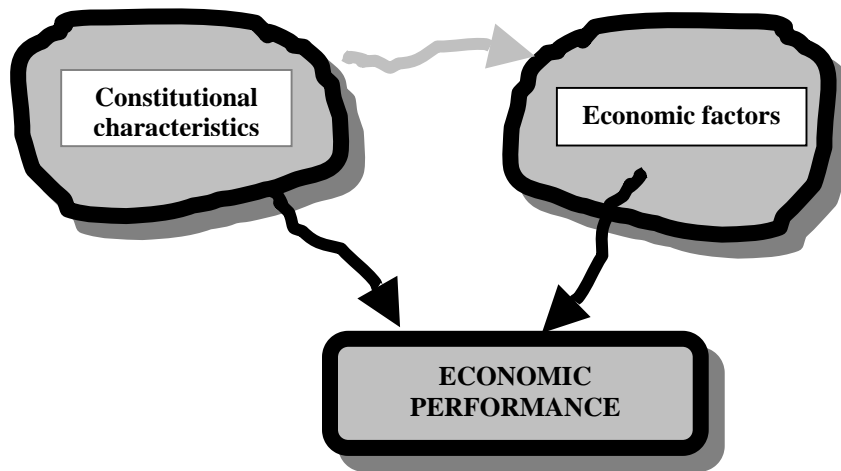
Figure 1. Constitutional characteristics, economic factors and national economic performance

The second example of the imaginary country captures the varied experiences of many countries that had just experienced a bloody revolution -- Russia, China, Chile after Allende, the countries out of former Yugoslavia, Spain before Franco. It also describes the inevitable counter-revolution that happened after the fall of communism, for instance, with the many revisits at constitutional rebuilding in many other countries.

For these countries, guarantees of political freedom would no longer suffice. They would require provisions involving economic and social guarantees. And often, some provisions are introduced in the framework of government such that the losers in the political struggle can no longer reclaim political power.

In short, by and large, the writing of the constitution represents a major event in a country's history. The resultant constitution represents the tugs and pulls of various political, economic, and ideological forces that account for the initial conditions of thinking in that particular crossroad of history. To a large extent, this process gives voice to the ideas and programs of those who are the winners in the political process.

Those leaders who have an influence on the nation's psyche could play an important role in the drafting of the constitution or its amendments. Of course, the outcome – the written document itself – bears the imprints of the political skills and competence of those involved in the drafting. (By the same token, it also has the stamp of incompetence when the resulting constitution turns out messy and full of contradictions.)

The approval of the constitution in a democracy involves getting the will of the people expressed appropriately, through plebiscites or indirectly through the vote of the leaders in parliament. In other circumstances, it is a committee of a few persons, or in

absolute dictatorships, of the one leader. That might be dependent on the ideological persuasions of those involved in the drafting, the victors of the political struggle.

The *x* factors can capture some of these constitutional characteristics. They would require a specific method of converting observations of events and of provisions into a quantifiable metric of that constitution. Characteristics relate to many issues. We choose to confine ourselves to those that can be quantified in comparing across constitutions of different countries.

For instance, this includes the style of writing. Brevity and simplicity can be judged in contrast to effusive and legalistic styles. Such differences would be caught in comparisons of different characteristics of written constitutions through a process of rating each document.

Another characteristic can be identified with the inclusion of provisions on political rights, or as social and economic rights. It is possible to think of other constitutional characteristics, or even events that might be related to the constitutional document. For instance, one such event is the timing of previous amendments to the constitution – whether they were recently made or a long time ago, or even the frequency of the amendments.

The economic determinants – *z* factors

The *z* factors – or the economic factors – are those variables or measures of economic development. There are many such economic factors that could be detailed. Some of these could be derived from economic indicators about countries that are easily found in comparative information compiled by many institutions.

For instance, the economic indicators are published in the statistical appendix of the World Bank's annual development reports. The choice of the important indicator must be relevant to the investigation. These factors could represent levels of economic achievements or performance, e.g., investment rates, saving rates, fiscal indicators. Or they could indicate behavioral information such as judgment of the competitiveness of the economy with respect to other economies.

Of many economic indicators, the level of per capita GDP could be taken as a measure of overall economic performance. Measures of economic performance need to be independent of each other. In other words, they have to show behavior that is not correlated with other measures of performance, otherwise, they would not be very informative.

We deal with all these important constitutional and economic factors by assuming that they are predetermined.

Statistical model and variables considered

We postulate a model that is linear in specification. Economic performance, *y*, is dependent on certain attributes of the constitution and on economic factors. We ignore the all important possibility that the constitutional *x* factors could affect the *z* factors directly as indicated in the light arrow direction. This is due to the problem of having not

enough observations that would enable a more complicated representation of the interaction.

A statistical representation of such a model is based on the data about information on *y,* the various *x*'s, which are attributes or characteristics of the constitution and the *z*'s, which represent economic variables. This is as follows:

$$y = c + a_1x_1 + a_2x_2 + a_3x_3 + \ldots + a_nx_n + b_1z_1 + b_2z_2 + \ldots + b_mz_m + v.$$

In this construction, *y* represents an observation that indicates economic performance and that *c* and the different *a*'s and *b*'s are coefficients that are estimated from the statistical model as indicated above, and *v*, an error term. (The subscripts are indicators of the specific variable to which they are related.)

Specific observations of *x* factors represent ratings of individual characteristics of each aspect of the constitution that is being identified. Such scores, however, are compared with a benchmark. The methdodology for comparison with the benchmark is explained more fully later. In short, the characteristics are not absolute descriptions. All beauty is relative, so the saying goes.

The benchmark used for these scores is the United States constitution. The US constitution has remained the most enduring of all written constitutions. It is used also for other more important reasons other than longevity, elaborated later in the next section. These observations made for each constitution constitute a cross-section of different national constitutions.

The economic, or *z*, factors are derived from economic indicators that are available in various studies and reports. There are many candidate variables or indicators that could be studied along with the constitutional characteristics.

The constitutional attributes that are tracked and scored are as follows: x_1 is brevity of the document; x_2 is directness of the language employed; x_3 is coverage of subjects of the constitutional framework, whether very extensive or not; x_4 is inclusion of economic and social rights; and x_5 is the incidence of major constitutional revisions.

For the economic variables, there are many candidates. However, we simply chose one of these indicators. This is a measure of competitiveness. One problem with the introduction of more economic variables is that many of these are interrelated through the economic relationships that economic models often indicate. We tried to choose one indicator that is itself a construct of multifarious factors, but many of them originating from a strongly economic framework.

Thus, z_1 is a score for competitiveness of the economy as a whole. We do not proceed to take on other economic variables, although this could be undertaken. Taking more economic variables would require an increase of the sample size of observations of countries with written constitutions. That might be an effort well worth taking at some time in the future. Competitiveness is an indicator derived from a calculation of various factors that propels an economy in the pursuit of economic activities.

Two other sets of data are recorded. They reflect indicators of economic performance. The first is the level of per capita output in the economy. The second is the rate of growth of output. Output is measured as real GDP.

Table A1 presents various data according to the above scheme. The ratings of the attributes of the constitutions are listed, together with data on economic performance, competitiveness, and so on. These are the basic ingredients of the statistical estimation work. The next section explains the definitions of these attributes and how we scored them.

III.   Quantifying the Attributes of Constitutions

This study is an extension of our international comparative study of constitutional styles from a set of 22 countries [see G. P. Sicat & L. Makasiar Sicat (2004). This study focuses on a particular methodology of measuring the various attributes of constitutions studied in that paper.

We take it one step further. We speculate on a hypothesis that those features could reflect on a country's economic outcomes. This takes the leap in projecting that cross-sections of information yield patterns that could be relevant to the way a given nation would behave when confronted with so many possibilities.

Information on constitutions is qualitative in nature. Specific provisions differ by constitutions. If we were interested in these specific provisions, there would be those provisions to compare in their detailed features. There are different structures of government to deal with. There are varieties of preambles, each predicated on the country's history. And then, there are unique country problems encountered during the turning points of the time of framing the constitution. Such a research would provide a great variety of comparisons of the differences in the structure of basic government – the parliament, the executive branch, and the justice system.

Some constitutional provisions are of particular interest because they may appear in other constitutions. For instance, all constitutions contain provisions regarding political and human rights (*PHR*), which may broadly cover economic and social rights. But many other constitutions have a selective but detailed set of provisions regarding social and economic rights (*SER*).

Our task was to make a transformation of the qualitative information into quantitative scores. The task is similar to mapping the forest rather than the trees in the forest. In understanding the pattern of the forest, much is learned about whether there is a particular density of particular varieties of trees or not.

It is not specific provisions that we are interested in, however. We desire to develop general statements about the nature of the table of contents of a constitution. But although the detailed information about those contents could be very important, they are not needed for making the judgment on qualities such as coverage. By taking this approach, the task is made simpler. In short, we are not making comparisons of constitutions by examining specific provisions.

This is where the use of a benchmark standard of comparison is crucial. By examining the key features of the benchmark, it is possible simply to review how constitutions differ from that benchmark in terms of certain basic characteristics desired.

The yardstick and the scoring method

The oldest and most enduring constitution in writing is that of the United States. It has existed for more than one decade and two centuries. It is also a briefly written constitution, a model of spare and yet effective writing. To use the US constitution as yardstick means that all constitutions are compared to it. It is the basis of the comparative study. But in doing so, this review compares all the constitutions with each other using as basis *a controlled anchor*. The US constitution – on the basis of all the items requiring a specific scoring method – has the score of "1."

Three-level scoring method. For any attribute being studied, any constitution that has features relatively close to the basis is scored "1." This is the case even if in relative terms it appears closest to that basic characteristic rather than having more of it. We used an integer rating of three scores, so that the highest, or longest, score is "3."

Hence, if a written constitution is nearer the characteristics of the US constitution in terms of *brevity*, then it scores "1." This would be the case even if it might be slightly longer than the US constitution. All measures are relative to that constitution, and longer constitutions would gravitate towards a score of "2." But the constitution that appears far longer scores a "3," the worst score for brevity.

The characteristics involving *directness* of language and of *coverage* are also scored "1" if they compare relatively close to the yardstick constitution. A score of "2" is given if they are somewhat more elaborate or indirect in language or in composition. Finally, a score of "3" is given to a constitution using more intricate language (often characterized by the use of many qualifiers and sections and cross-references to discuss a particular topic) in terms of the measure for directness of language. Or this score is given for coverage when the constitution being rated contains a lot more subjects that are not usually covered in the case of the yardstick constitution or among those rated with a "2." A score of "3" therefore means a rating of greater complexity in content or provisions.

Since all constitutions are written for particular nations, the scoring method is not meant to indicate that one constitution (including the yardstick constitution) is better than another. In this scoring method, there is no better or worse constitution. It is simply one of scoring of a specific attribute of the constitution. The score is only a quantitative evaluation of the contents relative to the yardstick.

The three level scoring system is used to quantify the following attributes: brevity, directness of language, extensiveness of coverage of the constitution, and the presence of provisions for social and economic rights (as rights considered separately from political or individual human rights).

The binary scoring method. A binary scoring method is also undertaken for some attributes that can yield a yes or no answer to a question. The binary scoring method is used in reference to answer to the question, Does a country already have significant and specific provisions for a comprehensive set of social and economic rights (*SER*)? If no, the score is zero. If yes, the score is "1." This is known as the *SER* variable. In this context, the score is used to represent a dummy variable that qualifies a specific observation as responding to this important question.

The consequence of a "1" answer is to say that the *SER* rights could be further qualified by investigating the specificity of the various *SER* provisions. Such specificity could be measured under the three-score method of rating. If the SER provisions are spelled out and are persistently stressed in fine detail, they would still need to be rated. Such rating would give further qualitative knowledge on how a country placed major importance to those rights in relation to other rights.

Another use of the binary method is in response to whether the constitutions had been the subject of major overhauls in the last fifty years. This is the last constitutional variable that is rated. A "No" answer means a score of "0", a "Yes" a score of "1." The answer to this question provides information on the stability of the constitution.

For instance, in the case of the US, there has not been a major overhaul of the constitution. But in the case of the Philippines, major overhauls occurred in 1971 and in 1987. The answer for the Philippines is "1."

Rating the constitutional attributes

Three attributes of the constitution are scored: *brevity; directness;* and *coverage*. The attributes are directly quantifiable on the basis of the contents of a constitution and the style in which it is written. Three additional attributes are added. This refers to the content of provisions regarding economic and social rights of citizens (to be elaborated below). Two other attributes are added, which are explained below. They refer to the stability of the constitutions in the long term and to the specificity of certain citizenship rights or entitlements guaranteed in the constitution.

Brevity gives a measure of how the constitutional provisions are stated. Are the provisions stated in simple language or are they described in extensive detail? Brevity implies relative shortness of the document, in relation to the constitutional benchmark.

Directness refers to a style of presentation that is direct and clear. The simpler and the more straightforward, the better is the message. A constitution built on the extensive elaborations of details becomes a complex document and invites lack of flexibility.

Coverage represents a measure of the topics that are included in the constitution. Taking the yardstick of the US constitution, the traditional coverage of the constitution means an elaboration of the fundamental structure, functions and qualifications for office holding in the basic branches of government. This includes the delineation of the roles of the executive, legislative and judicial branches. In addition, the guarantees of individual liberties and rights are part of the coverage. Minor elements include discussions of the interrelationships of the various branches and a provision for amending the constitution.

Newer constitutions include more extensive discussion of the fiscal budgeting process, including taxation, and the inclusion of some constitutional bodies, like civil service, auditing, and the armed forces. Another topic that has received considerable expansion in coverage and detail is the relationship of the central government with the local government. In federal constitutions, this has become quite elaborate, although, again, the US government was built on a federal structure.

Increasing coverage of the constitutions has been the trend for much of the early 20th century. With the creation of many new countries out of the break up of colonial

empires, new politically independent entities were born. Each new nation had a written constitution to guide its government. The increase in coverage of constitutional provisions took two major directions.

The first of these expansions in constitutional content was a major *elaboration of the government structure*. This included the formation of constitutional bodies to deal with aspects of government, for instance, the civil service, the control of state expenditure, the relations between various branches and levels of government within a state, the armed forces and so on.

In some newer constitutions, the description of the functions and subdivisions of the government has extended far beyond the explanation of general principles. This kind of elaboration necessarily lengthens the discussion of details. With more offices to discuss, the net effect of the expansion is also wider coverage. Such detailed coverage would score very high in contrast with the minimalist style of the American constitution. In this measurement, the minimalist constitutional coverage has the lowest score.

A second major direction in the content of constitutions has been in the introduction and elaboration of a set of social and economic rights (*SER*) in contradistinction with political, or human, rights (*PHR*). The presence of *PHR* is guaranteed in almost all constitutions. Only they might not be the same in practice or implementation. There is no need to provide a separate measurement of *PHR* because of this presence in almost all constitutions.

The presence of *SER* in the constitutional provisions was explained in the scoring methodology is completely absent in the constitution of the United States. Today, most constitutions incorporate *SER* as part of their major provisions. In some countries, their presence reflects the system of government that is in political power.

A final score relates to the number of major changes that have been made on the constitutional document. In some countries, periodic overhauls are made. In others, the constitution remains a stable indicator of the country's normal business of life, with only occasional minor revisions. In short, some indicator of constitutional stability can be also taken. Such a measure would simply yield a response to the question of whether the constitution had been the subject of any major overhauls within a given period of time. We chose to use a half-century as a means of measuring constitutional instability.

We tackle next some findings on the connection between economic performance and constitutional style.

The economic variables. The indicator of *economic performance* used is per capita GDP. The World Bank Economic Indicators provide current levels of per capita GDP in terms of equivalent purchasing power party (PPP) dollars. (This means that the per capita output of countries is converted into an equivalent dollar purchasing power over the same basket of commodities across countries.) An alternative measure of economic performance is per capita annual growth during the decade of the 1990s to 2000.

There have been measures of various social and economic variables that describe countries. One of these measures, which focuses on the economic environment and on the capacity of the country to perform effectively, is the measure of *competitiveness*. The

competitiveness index of countries studied, with the exception of one, is measured in the index reported by the World Economic Forum's (2002) competitiveness report. The *Global Competitiveness Report 2001-2002*.

The country rankings in competitiveness as compiled by this study were undertaken from the raw ranking scores based on all the countries studied. The ranks of the countries in this study were then re-ranked according to the ordinal ranking of the countries included among them. The least competitive economies have high scores – they trail the more competitive economies. They are ranked ordinally from best to worst in terms of competitiveness.

As a result of this, it is expected that if competitiveness is to have a predictive effect on economic performance that is reasonably correct, the coefficient of competitiveness would be negative. Since the most competitive countries are ranked as first, second etc. – in an ordinal sense – the least competitive would have the highest score. Hence the higher the score, the less competitive the economy is.

IV.   Results of statistical analysis

Estimation results

Five different statistical estimates are presented in Table 1. From various statistical fits for this model, we find that using the logarithm of per capita GDP provides a most satisfactory way of accounting for economic performance. The logarithmic transformation of the income levels provides a measure of movement from low to high per capita GDP, relative to a base level of output. This transformation may be interpreted as the movement of per capita output relative to its base and therefore indicates economic growth.

Such a model itself provides a proxy for measuring economic progress especially if the cross-section of countries are interpreted to be a continuum among countries at different levels of growth. The use of the logarithm of per capita output provides a non-linear basis for the estimate of the equation, which is specified as a linear estimation issue.

The interpretations of these model estimates are discussed in the text as well as in the conclusion. The comments that follow are on the statistical issues affecting these estimates.

Directness of language was dropped as statistically insignificant. To some extent, it turned out to be a measure that was either so tightly associated with the characteristic of brevity or with the nature of coverage. This high degree of correlation with these two measurements made it unnecessary as a measurement.

One of the measures that responded to the binary measurement issue did not come out as useful in explaining economic performance. The impact of these binary measures, of either "0" and "1" is to represent dummy variables for these characteristics being tapped. Their impact would have been only to reduce or to raise the level of the constant term, which is highly significant in all these equations. As it turns out, the dummy

variables for specificity of SER did not have any effect on economic performance, in some of the equations, but it is significant in one of the equations.

The best fit among the equations is equation (5). The t-values of the coefficient estimates are not sufficiently high except for one of the factors (competitiveness, an economic factor), but the coefficients for the other constitutional construction variables appear sufficiently good. The variable for the constitutional overhaul variable is also significant. This last point, as indicated earlier, would raise further the explanatory power of the constant term as it accounts for a positive increase in the level of economic performance. The R^2 of the equation is high and the adjusted r2 is also good.

Equations (1), (2), (3), and (4) are all relatively good, but not exceptionally good, from a statistical viewpoint. Here, at least one major attribute of the constitutional construction appears to be dominantly important. The role played by the *coverage* characteristics is negatively correlated with economic performance. This means that extensive discussion of topics in the constitution exerts a downward effect on economic performance.

In general, the characteristics of constitutional construction plus the economic variable of competitiveness help to explain about 40 percent of the variations in economic performance. One has to look for factors outside of explicit variables to explain what accounts for a country's economic performance.

SER is significant in that it reduces the level of economic performance when viewed as a dummy variable. This is indicated by the negative coefficient of the *SER* coefficient. Extensive declarations of social and economic rights or *SER*, as shown in equations (1), (2) and (3), exhibit a downward pull on the level of economic performance in the case when the estimated coefficient appears statistically significant. The *SER* specificity coefficient does not appear to play an important role on economic performance, as shown in equation (3).

Table 1. Results of Statistical Estimates
Dependent Variable: LOG OF PER CAPITA GDP

Estimated Equation	Coefficient	Standard Error	t-Statistic	Probability	Other statistics	
(1)						
CONSTANT	11.3945	0.6952	16.3895	0.0000	R-squared	0.3608
COVERAGE	-0.8660	0.3087	-2.8057	0.0113	Adjusted R-squared	0.2936
SER	-0.4711	0.3794	-1.2418	0.2294	S.E. of Regression	0.7832
					Log Likelihood	-24.2272
					Mean Dependent Variable	9.2017
					S.D. Dependent Variable	0.9318
(2)						
CONSTANT	11.3674	0.6922	16.4211	0.0000	R-squared	0.4004
COVERAGE	-1.1741	0.4173	-2.8134	0.0115	Adjusted R-squared	0.3005
BREVITY	0.4288	0.3933	1.0904	0.2899	S.E. of Regression	0.7793
SER	-0.6813	0.4238	-1.6073	0.1254	Log Likelihood	-23.5236
					Mean Dependent Variable	9.2017
					S.D. Dependent Variable	0.9318
(3)						
CONSTANT	11.5069	0.8620	13.3488	0.0000	R-squared	0.4033
COVERAGE	-1.2397	0.4450	0.8433	0.0207	Adjusted R-squared	0.2629
BREVITY	0.3753	0.4450	0.8433	0.4108	S.E. of Regression	0.8000
SER	-0.7148	0.4506	-1.5863	0.1311	Log Likelihood	-23.4709
SER-SPECIFICITY	0.0864	0.3024	0.2858	0.7785	Mean Dependent Variable	9.2017
					S.D. Dependent Variable	0.9318
(4)						
CONSTANT	11.0131	0.4987	22.0853	0.0000	R-squared	0.6976
COVERAGE	-0.2948	0.2527	-1.1665	0.2586	Adjusted R-squared	0.6472
SER	0.0546	0.2927	0.1866	0.8541	S.E. of Regression	0.5535
COMPETITIVENESS	-0.1062	0.0237	-4.4767	0.0003	Log Likelihood	5.5143
					Mean Dependent Variable	9.2017
					S.D. Dependent Variable	0.9318
(5)						
CONSTANT	10.9012	0.4685	23.2668	0.0000	R-squared	0.7517
COVERAGE	-0.3685	0.2387	-1.5437	0.1411	Adjusted R-squared	0.6933
SER	0.1031	0.2740	0.3725	0.7141	S.E. of Regression	0.5160
COMPETITIVENESS	-1.1192	0.0231	-5.1552	0.0001	Log Likelihood	-13.8253
MAJOR_OVERHAUL	0.5291	0.2748	1.9257	0.0710	Mean Dependent Variable	9.2017
					S.D. Dependent Variable	0.9318

Equation (5) shows a lot. The influence of *coverage* is firmly negative on economic performance but the presence of *SER* is no longer as important. In this case, it matters if the constitution had been given a major overhaul in the recent past (within a half-century framework, in the estimates for the constitutions). But apparently more important is the presence of a measure of a country's competitiveness. The coefficient of competitiveness is also negative. Because of the ordinal ranking, from best to worst, countries with the worst competitiveness records are given a high score or rank, trailing the better economies with lower ordinal ranks. As a result, a negative value of the coefficient indicates that the least competitive provide a drag on the economic performance of the country.

About 75 percent of the variations in a country's economic performance is explained by the variables represented in equation (5). Adjusting this explanation to the degrees of freedom for the sample size, it explains about 70 percent of the variation.

Constitutional construction affects economic performance. More specifically, the complexity or relative simplicity of the constitution helps to determine whether it becomes a positive force in promoting economic performance or a hindering element.

Simpler constitutions that do not exact too much from governmental organizations or in the restrictions on economic actions undertaken by various elements of the economic system operate to help liberate the economy towards better economic performance.

Interpretation of results

Per capita output or GDP as an indicator of economic performance depends on some critical characteristics of constitutional construction. Taken alone by themselves, however, these determinants of economic performance appear to explain a substantial but not totally satisfactory explanation. There is no doubt that they directly help to explain some of the variation in economic performance of a country.

Initially, extensive *coverage* of constitutional subjects tends to have a downward effect on economic performance. Extensive coverage of the constitution increases the number of direct constitutional concerns within the economy and therefore adds to economic constraints to be met by the productive sector. When the coverage goes beyond the fundamental statements about the three principal components of the government consisting of the legislative, the executive and the judiciary and safeguards to human rights, a greater complication arises in regard to the provisions that have to be met. The more constitutional details there are in the structure and duties of the government – in short, the greater the details of constitutional construction, the wider is the coverage. The constraints faced by the government also add up as a result. Add to these the further inclusion of variations of social and economic rights, guarantees and prescriptions, and the constitution brings in additional complexity to the document.

Complications in the constitutional document that lead to expanded coverage and the presence of extensive social and economic rights create a negative effect on economic performance. This result is understandable from straightforward economic theory itself. The more the constraints that an economic agent faces, the less is the degree of freedom

that he enjoys. The constraints in the constitutional construction could act as impediments to the freedom of action of the various economic factors of production and of exchange, thus obviously reducing economic performance.

Brevity does not appear to be a significant factor. Length of the constitutional document is associated with extended coverage of subjects. Moreover, this is further related to the presence of *SER*. Both extended coverage and the presence of social and economic rights and prescriptions appear not to affect performance. However, there is a tendency to indicate a slightly negative influence on performance. An explanation for this is high inter-correlation among these measures.

The competitiveness of an economy – its ability to produce goods at relatively cheaper unit costs and to specialize in certain elements of production – is a more powerful force in determining economic performance. (Note that competitiveness here has a negative coefficient. This means that those with the most competitive – those ranked ahead of others in competitiveness – exert the highest influence on economic performance. The least competitive country has the highest ordinal rank, since the most competitive country is number 1 and the least competitive is number 22. It is natural therefore that a negative sign for the coefficient implies that the least competitive depress the economic performance. And those with the most competitive economies (i.e., low score) help to raise performance.

Thus, competitiveness tends to help dwarf or overcome the negative implications of excessive constraints placed on the economic system. Competitiveness itself indicates that the negative contributions of other factors have receded into the background. An economy that performs efficiently has other sources of dynamism. Competitiveness relates to other economic factors that enable the country's productive factors to have high contribution to productivity and economic efficiency.

The introduction of major constitutional changes also improves economic performance. Here the assumption is that the changes undertaken are sensitive to the requirements of the economy to make it more productive. The best finding arising out of the statistical investigation related to the model of economic performance linked to the constitution is that which relates the per capita output level to coverage and competitiveness of the economy, with the addition of major overhaul of the constitution as factors explaining economic performance. The constitutions with the least cumbersome provisions and the most competitive economies create conditions for the best economic performance.

Finally, Table 2 is presented to dramatize some implications of these findings. A constitution that has excessively long provisions might contain too much detail as a result. Certainly, general principles often get shoved aside by the excess of details, because those details are qualifiers about the way principles are to be interpreted. This type of detail provides a constricting effect on economic actions – be they policy or implementation acts. This introduces greater obstacles to economic progress. As a result, economic progress would be low.

On the other hand, consider a constitution that states the general principles clearly but is relatively low on details. Those details might be spelled out in terms of special laws, passed by ordinary legislation. By their nature, those special laws are easier to

amend if they are found to be ineffective or wrong. Then there is greater flexibility in the action of policy makers and executive functions are less hampered. The implication of this is that economic progress would be more easily facilitated.

Table 2. Illustrative implication with Brevity and Coverage as
Characteristics of Constitutional Construction

CONSTITUTIONAL CONSTRUCTION	GENERAL PRINCIPLES	DETAILS	POLICY/ ACTION EFFECTS	ECONOMIC PROGRESS
Long	(Low)	*High*	*Constricting effect -- The more detailed the more constricting the effect*	*Low economic progress*
Short	*High*	(Low)	*Allows great flexibility*	*High economic progress*

IV.   Conclusion

Although these estimates are by their nature quantitative, they represent qualitative interpretations of complex documents. In essence, the quantitative character of the results provides firmer ground on which further qualitative analysis could rest. What the results suggest is that constitutional construction is important in nation building. Constitutional provisions that sound grand could actually impede economic progress. Other aspects could encourage improved economic performance.

In short, it is important to pay attention to those aspects that help to improve economic performance. Naturally, no nation would want to build impediments to economic progress, especially if couched in constitutional language. Good intentions are often filled with unintended consequences.

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Bibliography

This study would not have been easily possible without the help of the internet search of constitutional reform and of specific country constitutions. Much background material and history could be gleaned from the various items of search, including the latest updated [English] texts of the constitutions of different countries that are listed below.

Constitution of Argentina
Constitution of Australia
Constitution of Brazil
Constitution of Canada
Constitution of Chile
Constitution of France
Constitution of Hong Kong
Constitution of India
Constitution of Kenya
Constitution of Malaysia
Constitution of Mexico
Constitution of Poland
Constitution of Republic of (South) Korea
Constitution of Russia
Constitution of Sweden
Constitution of Taiwan, China
Constitution of the Kingdom of Thailand
Constitution of the Peoples Republic of China
Constitution of the Republic of Indonesia
Constitution of the Republic of Singapore
Constitution of the Republic of the Philippines
Constitution of the United States of America
Constitutions of the USSR (1918 [Russia], 1924, 1936, 1977)

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Argentina   Mexico
Australia   Philippines
Brazil   Poland
Canada   Russia
Chile   Singapore
China (Peoples')   South Korea
Indonesia   Sweden
Kenya   Thailand

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Table A1. Ratings of Written Constitutions of Selected Countries in Study

Country	Brevity	Directness	Coverage	SER	SER Specificity	Major changes made	Major overhaul within 50 years	Per capita GDP PPP dollars	Annual GDP growth	Competi-tiveness Rating	2001 Competi-tiveness Rating
Argentina	3	3	3	1	3	1	1	12,090	4.3	18	45
Australia	2	1	2	0	1	0	0	25,370	4.1	4	9
Brazil	3	3	3	1	3	1	1	7,320	2.9	11	30
Canada	2	1	2	0	2	1	1	27,330	2.9	3	8
Chile	2	1	2	1	2	1	1	9,110	6.8	10	28
China (Peoples)	2	2	2	1	2	1	1	3,940	10.3	16	41
China (Taiwan)	2	2	2	1	1	1	1	17,340	7.0	8	21
France	1	1	2	0	0	1	1	24,470	1.7	6	13
Hong Kong	1	1	2	0	0	0	1	25,660	4.0	7	18
India	3	3	3	1	3	0	0	2,390	6.0	12	33
Indonesia	1	2	2	1	2	0	0	2,840	4.2	20	47
Kenya	2	2	3	0	1	0	1	1,010	2.1	22	N.R.
Malaysia	2	2	2	1	2	1	1	8,360	7.0	13	34
Mexico	3	3	3	1	3	1	1	8,810	3.1	17	44
Philippines	2	2	2	1	1	1	1	4,220	3.2	19	46
Poland	2	2	2	1	2	1	1	9,030	4.6	15	37
Russia	2	2	2	1	1	1	1	8,030	-4.8	21	49
Singapore	2	1	1	1	1	0	0	24,970	7.8	5	10
South Korea	1	2	2	1	1	1	1	17,340	5.7	9	27
Sweden	2	1	2	1	2	0	0	23,770	1.8	2	6
Thailand	2	2	2	1	1	1	1	6,330	4.2	14	35
United States	1	1	1	0	0	0	0	34,260	3.4	1	2

Sources: Ratings by Sicat & Makasiar Sicat, based on review of constitutions
   GDP and Growth Rates of GDP: World Bank Economic Indicators tables.
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Taiwan: GDP data from Global Competitiveness Report

SER - Social and economic rights
Per capita GDP, measured in current (2001) PPP equivalent dollars
Growth rate of GDP, annual for decade 1990-2000
Competitiveness rating for countries only in list, transformed from original list.
N.R. - in Competitiveness table means not rated.