

CEE Growth & Development

UPCES

Michælmas 2013

Proximate and Fundamental Causes of Growth

Proximate causes of growth

- factor accumulation, and
- technology advancement

Major fundamental causes:

- luck
- geography
- institutions
- culture

Institutions

Definition (Institution)

Institutions are the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction.

D. North (1990)

Definition (Culture)

The way of life, especially the general customs and beliefs, of a particular group of people at a particular time.

© *Cambridge Dictionary*

Culture

Culture affects economic outcomes mainly by fostering ideological or religious beliefs that influence individual traits such as

- trust
- toleration
- thrift
- laboriousness

Max Weber

THE PROTESTANT ETHICS AND THE SPIRIT OF CAPITALISM

Fact (Luther's Prescription)

Fulfillment of duties in worldly affairs [is] the highest form which the moral activity of the individual could assume.

Karl Marx

'Man made God, God did not make man'

Fact (Religion is the people's opium!)

Religious misery is, by one side, an expression of the real misery. Religion is exhausted creature's sigh, the heart of a heartless world, the spirit of spiritless situations. Religion is the people's opium.

Criticism of Hegel's Law (1844)

Barro & McCleary (2003)

Fact

Increases in some religious beliefs - notably belief in hell, heaven, and an afterlife - tend to increase economic growth. There is some indication that the fear of hell is more potent for economic growth than is the prospect of heaven. [...] Beliefs stimulate growth because they help sustain specific individual behaviours that enhance productivity.

Barro & McCleary (2003)

Fact

[H]igher level of church attendance depress economic growth because greater attendance signifies a larger use of resources by the religion sector.

Fact

The net effect depends on the extent to which an increase in attendance leads to stronger beliefs.

Guiso, Spanieza, & Zingales (2003)

Analysis based on micro survey data to relate religion to individual traits.

Guiso, Spanieza, & Zingales (2003)

Fact

Convinced atheists are more tolerant, have more progressive attitudes toward women, less trusting of the government and the police, trust the legal system less, are more willing to break the law, and have worse attitudes toward the market and its perceived fairness.

Guiso, Spanieza, & Zingales (2003)

Fact

'Trust toward others' is affected mostly by religious participation, not by being brought up religiously.

Fact

Intolerance is mostly an outcome of being raised religiously.

Fact

Religious upbringing has a negative impact on trust. By contrast, a higher attendance at religious services is associated with a higher level of trust toward others (except of Hindus).

Guiso, Spanieza, & Zingales (2003)

Fact

Religious participation increases trust in the government, trust in the legal system and reduces willingness to break legal rules for all religious denominations (except Buddhists).

Fact

Judaism has the strongest negative impact on willingness to cheat on taxes, Protestantism second, Catholicism and Hinduism third, and Islam fourth. (Orthodox Christians are not observed).

Fact

Religious Jews trust the government less in a Catholic-dominated country. [...] Catholics are more probable to accept a bribe.

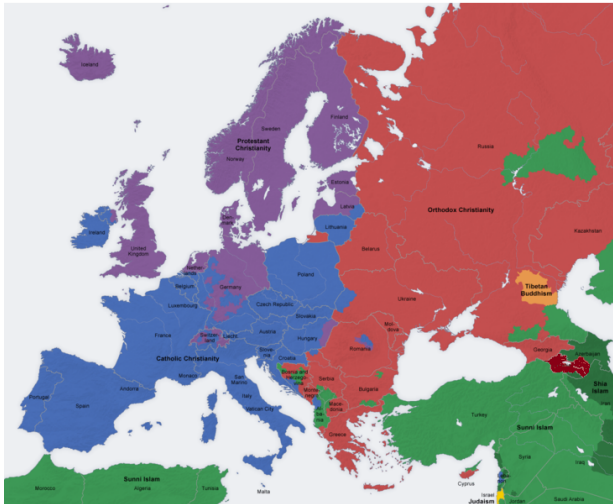
Guiso, Spanieza, & Zingales (2003)

Fact

Religious people of all denominations (except Buddhists) are more inclined to believe that people in need are lazy and lack will power.

Almost all of the major Religions are present in the CEE

- with the traditional role of Christianity
 - Orthodox (Eastern and Oriental)
 - Catholic
 - Reformed
- with the significant presence of Judaism
- with limited presence of Islam



Christian

- Orthodox

- Georgian
 - Ruthenian
 - Russian
 - Ukrainian
 - Belarusian
 - Serbian
 - Macedonia
 - Montenegro
 - Bulgarian
 - Romanian
 - *Albania*
- Apostolic
 - Armenian

- Catholic

- Czech
- Slovak
- Polish
- Lithuanian
- Hungarian
- Slovene
- Croat
- Ruthenian
- *Albania*

- Protestant

- Estonia
- Latvia

Others

- Muslim

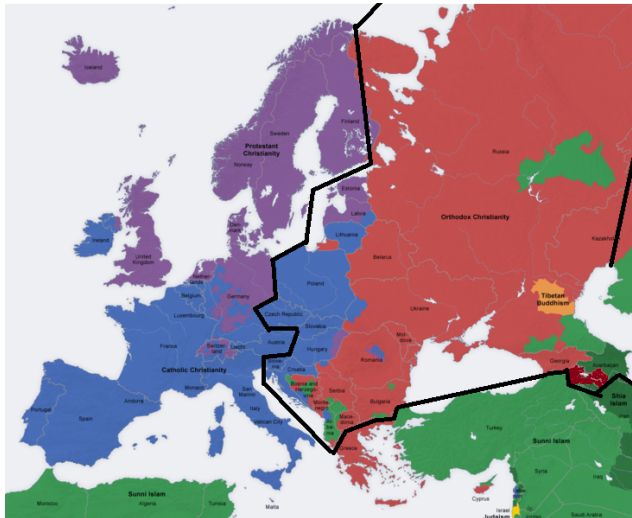
- *Albania*
- Azeri
- Bosniak
- Tatar (Russia)
- Caucasian (Russia)

- Buddhist

- Kalmyk (Russia)

- Atheist

- *Albania*



Jews in Europe

