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Assignment 1

ECON 634

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Assignment 1: United States

1. I choose the United States.
2. The United States has low settler mortality. They are ranked seventh lowest, after Great Britain, France, New Zealand, Australia, Fiji, and Hong Kong. The value is $\log(2.7)$.

This informed my control group selection. Both datasets were very limited. Ideally, I would have selected all nations within one standard deviation of USA settler mortality in 1500. However, this group would have been very small. It also would have included extremely small nations such as Singapore and Hong Kong, as well as Djibouti and Ethiopia which are poor controls for the United States due to climate and culture. Additionally, the data in this control group has been criticized for its inaccuracy. I also considered OECD nations. However, Canada and the United States are the only OECD nations included in both datasets. Ultimately, I decided to include all nations available in both datasets in my control group due to data scarcity.

3. The United States has low population density in 1500, at $\log(13.6)$.
4. They have the fifth lowest population density in the dataset, behind Canada, Australia, Hong Kong and Singapore.
5. No. The United States is one of the 28 countries in the original paper whose settler mortality rate was sourced from within its borders. It is a neo-europe which had more accurate data available.
6. The United States had low settler mortality. According to the Mortality of Settlers, low settler mortality prompted settlers to develop inclusive political and economic institutions for long term settlement. Colonies with high settler mortality prompted settlers to develop extractive political and economic institutions for short term gain, with minimal colonial settlement. The Mortality of Settlers predicts that the United States would have inclusive political and economic institutions due to initial low settler mortality.

The United States had low population density in 1500. According to the Reversal of Fortunes, colonies with low population density in 1500, a proxy for low GDP, became wealthy after colonization. Meanwhile, nations with high population density became poor. Reversal of fortunes predicts that the United States will become wealthy after colonization, since it had low population density prior to colonization.

7. Based on the values in Table 1, the United States' political institutions are similarly inclusive as the control group. The United States scored a cumulative 213 points, versus 213 points for the control group. It also scored higher in 3 out of the 7 categories. Survey results indicated that Americans have more confidence in their courts, significantly higher voter participation, and fairer elections, than the control group. Additionally, many indices were very poor overall. This includes the legal system index, pluralism index, and fair elections index. Importantly, most of these indices are based on perception, not absolute measures. For example, it seems improbable that the American legal system, freedom of press, or centralized state, function so poorly relative to the rest of the world. This may be impacted by American culture, which values individual liberty and small government. To further assess the validity of these results, I suggest incorporating objective measures such as conviction rate, number of books censored, corporate spending in elections, as well as considering the distribution across responses of each index in the survey.

Table 1: Values for Political Institutions

Variable	USA	Rest of the World
	Mean	Mean
Legislative assembly: Index indicating degree of confidence in parliament	34	39
Courts: Index indicating degree of confidence in the judiciary, proxy for checks	43	40
Free press: Index indicating degree of confidence freedom of press	37	44
Civil society: Index indicating degree of voter participation, proxy for civil s	42	30
Fair elections: Index indicating degree of confidence in elections	10	7
Centralized state: Index indicating degree of confidence in the government	39	41
Pluralism: ability of powerful elite (the rich) to influence political elections	8	12

Table 2: Definitions of Political Institution Variables

Variable	Definition	Code	Question / Scale	Transformation	Justification
parliament	Legislative assembly: Index indicating degree of confidence in parliament	Q73 / E069_0 7	“How much confidence do you have in parliament?” 1 = A great deal 2 = Quite a lot 3 = Not very much 4 = None	1 is coded as 100 (higher numbers are ‘good’). 4 is coded as 0 (lower numbers represent ‘bad outcome’)	Higher scores represent higher perceived value of legislative assembly.
judges	Courts: Index indicating degree of confidence in the judiciary (proxy for checks and balances)	Q70 / E069_1 7	“How much confidence do you have in the courts?” 1 = A great deal 2 = Quite a lot 3 = Not very much 4 = None	1 is coded as 100 (higher numbers are ‘good’). 4 is coded as 0 (lower numbers represent ‘bad outcome’)	High confidence in courts represents a strong judiciary and checks and balances
press	Free press: Index indicating degree of confidence in freedom of the press	Q76 / E069_0 4	“How much confidence do you have in the press?” 1 = A great deal 2 = Quite a lot 3 = Not very much 4 = None	1 is coded as 100 (higher numbers are ‘good’). 4 is coded as 0 (lower numbers represent ‘bad outcome’)	High confidence in the press suggests a free press

voted	Civil society: Index indicating degree of voter participation, proxy for civic engagement	Q222 / E264	“When national elections take place, do you vote always, usually, or never?” 1 = Always 2 = Usually 3 = Never 4 = Not allowed to vote	1 is coded as 100 (higher numbers are ‘good’). 4 is coded as 0 (lower numbers represent ‘bad outcome’)	Voting is a type of civic participation. High voting rates suggest an active civil society.
fair_elections	Fair elections: Index indicating degree of confidence in elections	Q76 / E069_6 4	“How much confidence do you have in elections?” 1 = A great deal 2 = Quite a lot 3 = Not very much 4 = None	1 is coded as 100 (higher numbers are ‘good’). 4 is coded as 0 (lower numbers represent ‘bad outcome’)	High confidence in elections suggests fair elections. There may be exceptions.
gov	Centralized state: Index indicating degree of confidence in the government	Q71 / E069_1 1	“How much confidence do you have in the government?” 1 = A great deal 2 = Quite a lot 3 = Not very much 4 = None	1 is coded as 100 (higher numbers are ‘good’). 4 is coded as 0 (lower numbers represent ‘bad outcome’)	Higher confidence in the government suggests a strong centralized state, capable of effective governance.
pluralism	Pluralism: Ability of powerful elites (the rich) to influence political elections	Q230 / E265_0 7	“How often do rich people buy elections?” 1 = Very often 2 = Fairly often 3 = Not often 4 = Not at all often	4 is coded as 100 (higher numbers are ‘good’). 1 is coded as 0 (lower numbers represent ‘bad outcome’)	Low scores suggest a powerful elite capable of manipulating elections. High scores suggest a broad section of society in power prevents this.

8. The United States has significantly more inclusive economic institutions as the control group. Not only did it score higher across every index of inclusive economic institutions, its total score was 207 relative to 149 for the control group. Americans strongly believe in property rights relative to the rest of the world, which is arguably a central value of American culture. Additionally, 24% of Americans are not in the same career group as their father, compared with only 17% in the rest of the world. Both of these figures are relatively low, suggesting that occupation choice remains largely hereditary. Notably, both the treatment and control groups scored their degree of confidence in the legal system extremely poorly. Again, objective measures such as conviction rate would be useful in assessing this result. The United States scored very well on new business entry, with 93% of firms not needing credit. Assessing the income and wealth background of founders is important to contextualize this metric. Notably, the United States scored highly relative to the control group for access to medicine. This result is surprising due to frequent criticism and poor results of the U.S. healthcare system. Overall, the United States has very inclusive economic institutions and averagely inclusive political institutions.

Table 3: Values for Economic Institution Variables

	USA	Rest of the World
	Mean	Mean
Property rights: Index indicating if population believes stealing property is NOT justifiable	47	35
Career choice: Percentage of respondents who are NOT in the same career as their father	24	17
Public services: Index indicating medication access	42	29
Legal system: Index of perceived corruption of civil service providers	1	0
New business: Indicates percentage of new firms which did not need to apply for credit	93	68

Table 4: Definitions of Economic Institution Variables

Variable	Definition	Code	Question / Scale	Transformation	Justification
property	Property rights: Index indicating whether or not population believes stealing property can be justified	Q179 / E114B	"Indicate with a score from 1–10 whether stealing property is never justifiable (1) to always justifiable (10)"	1 is coded as 100 (higher numbers are 'good'). 10 is coded as 0 (lower numbers represent 'bad outcome')	Higher scores represent stronger adherence to property rights (lower justification of theft).
career_choice	Career choice: Percentage of respondents who are not in the same career as their father. Proxy for career choice.	Q281 / X036E and Q283 / V097EF	To which of the following occupational groups do you belong? To which of the following occupational groups did your father belong?	Represents the percentage of respondents who are not in the same career as their father.	A higher percentage of respondents who choose different careers from their family suggests a higher degree of career choice, since societies with limited choice will be more likely to delegate careers based on nepotism.
medicine	Public services: Index indicating how often respondent or family has gone without medicine or medical treatment in the past 12	Q53 / H008_03	"In the past 12 months, how often have you or your family gone without medicine or medical treatment that you needed?" 1 = Often	4 is coded as 100 (higher numbers are 'good'). 1 is coded as 0 (lower numbers represent 'bad outcome')	Higher scores represent better provision of public services, in this case healthcare. Healthcare is especially interesting in the United

	months (proxy for provision of public services)		2 = Sometimes 3 = Rarely 4 = Never		States, my treatment country.
legal	Legal system: Index of perceived corruption of civil service providers, proxy for unbiased legal system	Q116 / E268	"How many civil service providers do you believe are involved in corruption?" 1 = None 2 = Few 3 = Most 4 = All	1 is coded as 100 (higher numbers are 'good'). 4 is coded as 0 (lower numbers represent 'bad outcome')	Civil service providers include police and judiciary. A strong legal system will have low perceived corruption.
new_biz	Permit of entry of new businesses: Credit necessity is a proxy for how easily new firms are able to enter the market.	K17	"What was the main reason why this establishment did not apply for any line of credit or loan?" 1 No need for a loan - establishment had enough capital 2 Application procedures were complex 3 Interest rates were not favorable 4 Collateral requirements were too high	0 = needed loan, did not apply (k17 = 1); 100 = did not need loan (k17=2-6)	A higher score indicates that businesses can easily enter the market and do not need credit. A lower score indicates that a firm needed credit but did not apply, limiting firm entry.

			5 Size of loan and maturity were insufficient		
			6 Did not think it would be approved		

9. The United States is ranked 11th for global mean GDP per capita by the World Bank in 2024. Most nations ranked higher are very small or tax nations. The ranking is as follows: Monaco, Lichtenstein, Bermuda, Luxembourg, Ireland, Switzerland, Cayman Islands, Singapore, Isle of Man, Norway, United States.

The United States is often criticized for its relatively poor public safety net among OECD nations. Its Human Development Index is 0.938 according to the World Population Review in 2023. This ranks 17th globally, though the WPR ranking only includes Ireland, Switzerland, Singapore, and Norway from the World Bank ranking. Excluding tax havens increases the disparity between the U.S.'s GDP per capita and HDI.

World Bank Open Data. (n.d.). World Bank Open Data.

https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?end=2024&most_recent_value_desc=true&start=2023

World Population Review. (2025, October 28). *Human Development Index (HDI) by country.*

<https://worldpopulationreview.com/country-rankings/hdi-by-country>

10. This is consistent with existing theory. The Mortality of Settlers theorizes that colonies with low mortality rates developed inclusive political and economic institutions for long term economic growth, since settlers could expect to survive. The United States had low settler mortality and now has high economic development, both for GDP per capita and HDI.

Reversal of fortunes theorizes that colonies with low population density, a proxy for low GDP, became wealthy after colonization. The United States had low population density prior to colonization, and became wealthy after colonization.

11. There is a positive feedback loop between inclusive political and inclusive economic institutions in the United States. The United States inherited inclusive British parliamentary systems and Iroquois democracy. The U.S. has maintained inclusive political institutions such as freedom of press, free speech, and voting. This has allowed for inclusive economic institutions such as secure property rights, career choice, and public schools.

12. In 1934, the United States repealed the Smoot-Hawley tariff Act, which had increased import tariffs to protect American farmers and manufacturers. The tariff exacerbated the Great Depression and caused international trade to drop by 66%. Following its repeal, trade returned to normal.

The Editors of Encyclopaedia Britannica (2025, October 11). Smoot-Hawley Tariff Act. Encyclopedia Britannica. <https://www.britannica.com/topic/Smoot-Hawley-Tariff-Act>

13. Yes, the Great Depression in the United States was initiated by the stock market crash of 1929. This crash was the result of inclusive economic policies, primarily free trade, secure property rights (of shares), easy entry of new businesses via public investment and low interest rates, i.e. an unregulated stock market. This allowed for unchecked speculation. When the Federal Reserve decided to call in their loans, borrowers could not repay them. This caused the stock market to plummet. This contributed to the Great Depression. How did the inclusive economic and political institutions of the 1920s result in the disastrous economic performance of the 1930s? This is contradictory.

Richardson, G. (n.d.). *Stock market crash of 1929*. Federal Reserve History. <https://www.federalreservehistory.org/essays/stock-market-crash-of-1929>

ChatGPT prompts used:

Determining control group:

I am going to enter two lists of countries. Return a list of only countries which appear on both lists. Keep the same variable names. List all years. List 1: "Afghanistan2008"
"Afghanistan2014" "Albania2007" "Albania2013" "Albania2019" "Angola2006"
"Angola2010" "A

> ngola2024" "Antiguaandbarbuda2010" "Argentina2006" "Argentina2010"
"Argentina2017" "Armenia2009" "Armenia20

> 13" "Armenia2020" "Armenia2024" "Austria2021" "Azerbaijan2009"
"Azerbaijan2013" "Azerbaijan2019" "Azerbai

> jan2024" "Bahamas2010" "Bahrain2024" "Bangladesh2007" "Bangladesh2013"
"Bangladesh2022" "Barbados2010" "B

> arbados2023" "Belarus2008" "Belarus2013" "Belarus2018" "Belgium2020"
"Belgium2024" "Belize2010" "Benin200

> 9" "Benin2016" "Benin2024" "Bhutan2009" "Bhutan2015" "Bhutan2024"
"Bolivia2006" "Bolivia2010" "Bolivia2

> 017" "Bosnia and Herzegovina2009" "Bosnia and Herzegovina2013" "Bosnia and Herzegovina2019" "Bosnia and Herzego

> vina2023" "Botswana2006" "Botswana2010" "Botswana2023" "Brazil2009"
"Bulgaria2007" "Bulgaria2009" "Bulgar

> ia2013" "Bulgaria2019" "Bulgaria2023" "BurkinaFaso2009" "BurkinaFaso2024"
"Burundi2006" "Burundi2014" "Bu

> rundi2025" "Cabo Verde2009" "Cabo Verde2024" "Cambodia2013" "Cambodia2016"
"Cambodia2023" "Cameroon2009" "

> "Cameroon2016" "Cameroon2024" "Canada2024" "Central African Republic2011"
"Central African Republic2023" "Cha

> d2009" "Chad2018" "Chad2023" "Chile2006" "Chile2010" "China2012" "China2024"
"Colombia2006" "Colombia20

> 10" "Colombia2017" "Colombia2023" "Congo2009" "Congo2024" "Costa Rica2010"
"Costa Rica2023" "Croatia2007"

> ' "Croatia2013" "Croatia2019" "Croatia2023" "Cyprus2019" "Cyprus2024"
"Czechia2009" "Czechia2013" "Czech

> ia2019" "Czechia2024" "Côte d'Ivoire2009" "Côte d'Ivoire2016" "Côte d'Ivoire2023"
"DRC2006" "DRC2010" "DR

> C2013" "DRC2024" "Denmark2020" "Djibouti2013" "Dominica2010"
"DominicanRepublic2010" "DominicanRepublic2016

> " "Ecuador2006" "Ecuador2010" "Ecuador2017" "Ecuador2024" "Egypt2013"
"Egypt2016" "Egypt2020" "ElSalvad

> or2006" "ElSalvador2010" "ElSalvador2016" "ElSalvador2023" "Equatorial
Guinea2024" "Eritrea2009" "Estonia20

> 09" "Estonia2013" "Estonia2019" "Estonia2023" "Eswatini2006" "Eswatini2016"
"Eswatini2024" "Ethiopia2011"

> ' "Ethiopia2015" "Fiji2009" "Finland2020" "France2021" "Gabon2009" "Gambia2006"
"Gambia2018" "Gambia2023

> " "Georgia2008" "Georgia2013" "Georgia2019" "Georgia2023" "Germany2021"
"Ghana2007" "Ghana2013" "Ghana2

> 023" "Greece2018" "Greece2023" "Grenada2010" "Guatemala2006" "Guatemala2010"
"Guatemala2017" "Guinea2006"

> ' "Guinea2016" "GuineaBissau2006" "Guyana2010" "Honduras2006" "Honduras2010"
"Honduras2016" "Hong Kong SAR

> China2023" "Hungary2009" "Hungary2013" "Hungary2019" "Hungary2023"
"Iceland2024" "India2014" "India2022"

> ' "Indonesia2009" "Indonesia2015" "Indonesia2023" "Iraq2011" "Iraq2022"
"Ireland2020" "Ireland2024" "Isr

> ael2013" "Israel2024" "Italy2019" "Italy2024" "Jamaica2010" "Jamaica2024"
"Jordan2013" "Jordan2019" "Jo

> rdan2024" "Kazakhstan2009" "Kazakhstan2013" "Kazakhstan2019" "Kazakhstan2024"
"Kenya2007" "Kenya2013" "Ke

> nya2018" "Korea Republic2024" "Kosovo2009" "Kosovo2013" "Kosovo2019" "Kyrgyz
Republic2009" "Kyrgyz Republic

> 2013" "Kyrgyz Republic2019" "Kyrgyz Republic2023" "Lao PDR2009" "Lao PDR2012"
"Lao PDR2016" "Lao PDR2018"

> "Lao PDR2024" "Latvia2009" "Latvia2013" "Latvia2019" "Latvia2024"
"Lebanon2013" "Lebanon2019" "Lesotho20

> 09" "Lesotho2016" "Lesotho2023" "Liberia2009" "Liberia2017" "Lithuania2009"
"Lithuania2013" "Lithuania201

> 9" "Luxembourg2020" "Madagascar2009" "Madagascar2013" "Madagascar2022"
"Malawi2009" "Malawi2014" "Malawi2

> 025" "Malaysia2015" "Malaysia2019" "Malaysia2024" "Mali2007" "Mali2010"
"Mali2016" "Mali2024" "Malta201

> 9" "Malta2024" "Mauritania2006" "Mauritania2014" "Mauritius2009" "Mauritius2023"
"Mexico2006" "Mexico2010"

> "Mexico2023" "Micronesia2009" "Moldova2009" "Moldova2013" "Moldova2019"
"Moldova2024" "Mongolia2009" "

> "Mongolia2013" "Mongolia2019" "Montenegro2009" "Montenegro2013"
"Montenegro2019" "Montenegro2023" "Morocco2

> 013" "Morocco2019" "Morocco2023" "Mozambique2007" "Mozambique2018"
"Myanmar2014" "Myanmar2016" "Namibia20

> 06" "Namibia2014" "Namibia2024" "Nepal2009" "Nepal2013" "Nepal2023"
"Netherlands2020" "New Zealand2023"

> "Nicaragua2006" "Nicaragua2010" "Nicaragua2016" "Niger2009" "Niger2017"
"Nigeria2007" "Nigeria2014" "Nig

> eria2025" "North Macedonia2009" "North Macedonia2013" "North Macedonia2019"
"North Macedonia2023" "Pakistan20

> 07" "Pakistan2013" "Pakistan2022" "Panama2006" "Panama2010" "Papua New Guinea2015" "Papua New Guinea2024"

> "Paraguay2006" "Paraguay2010" "Paraguay2017" "Paraguay2023" "Peru2006"
"Peru2010" "Peru2017" "Peru2023"

> "Philippines2009" "Philippines2015" "Philippines2023" "Poland2009" "Poland2013"
"Poland2019" "Poland2025"

> "Portugal2019" "Portugal2023" "Romania2009" "Romania2013" "Romania2019"
"Romania2023" "Russia2009" "Ru

> ssia2012" "Russia2019" "Rwanda2006" "Rwanda2011" "Rwanda2019" "Rwanda2023"
"Samoa2009" "Samoa2023" "Sau

> di Arabia2022" "Senegal2007" "Senegal2014" "Senegal2024" "Serbia2009"
"Serbia2013" "Serbia2019" "Serbia20

> 24" "Seychelles2023" "Sierra Leone2009" "Sierra Leone2017" "Sierra Leone2023"
"Singapore2023" "Slovak Repub

> lic2009" "Slovak Republic2013" "Slovak Republic2019" "Slovak Republic2023"
"Slovenia2009" "Slovenia2013" "S

> lovenia2019" "Slovenia2024" "Solomon Islands2015" "South Sudan2014" "South Sudan2024"
"SouthAfrica2007" "So

> uthAfrica2020" "Spain2021" "Spain2024" "SriLanka2011" "StKittsandNevis2010"
"StLucia2010" "StVincentandGren

> adines2010" "Sudan2014" "Suriname2010" "Suriname2018" "Sweden2014"
"Sweden2020" "Sweden2024" "Taiwan Chin

> a2024" "Tajikistan2008" "Tajikistan2013" "Tajikistan2019" "Tajikistan2024"
"Tanzania2006" "Tanzania2013" `

> "Tanzania2023" "Thailand2016" "Timor-Leste2009" "Timor-Leste2015"
"Timor-Leste2021" "Togo2009" "Togo2016"

> "Togo2023" "Tonga2009" "Tonga2024" "Trinidad and Tobago2010" "Trinidad and Tobago2025"
"Tunisia2013" "Tuni

> sia2020" "Tunisia2024" "Turkiye2008" "Turkiye2013" "Turkiye2019" "Turkiye2024"
"Turkmenistan2024" "Uganda

> 2006" "Uganda2013" "Ukraine2008" "Ukraine2013" "Ukraine2019" "United Kingdom2024" "United States2024" "Ur

> uguay2006" "Uruguay2010" "Uruguay2017" "Uruguay2024" "Uzbekistan2008"
"Uzbekistan2013" "Uzbekistan2019" "

> Uzbekistan2024" "Vanuatu2009" "Vanuatu2023" "Venezuela2006" "Venezuela2010"
"Viet Nam2009" "Viet Nam2015"

> "Viet Nam2023" "West Bank And Gaza2013" "West Bank And Gaza2019" "West Bank
And Gaza2023" "Yemen2010" "Yemen

> 2013" "Zambia2007" "Zambia2013" "Zambia2019" "Zimbabwe2011" "Zimbabwe2016"

. List 2:

"ALB" "AND" "ARG" "ARM" "AUS" "AZE" "BFA" "BGD" "BGR" "BIH"
"BLR" "BOL" "BRA" "CAN" "CHE" "

> "CHL" "CHN" "COL" "CYP" "CZE" "DEU" "DOM" "DZA" "ECU" "EGY"
"ESP" "EST" "ETH" "FIN" "FRA"

> "GBR" "GEO" "GHA" "GRC" "GTM" "HKG" "HRV" "HTI" "HUN" "IDN"
"IND" "IRN" "IRQ" "ISR" "ITA"

> "JOR" "JPN" "KAZ" "KEN" "KGZ" "KOR" "KWT" "LBN" "LBY" "LTU"
"LVA" "MAC" "MAR" "MDA" "MDV"

> "MEX" "MKD" "MLI" "MMR" "MNE" "MNG" "MYS" "NGA" "NIC" "NIR"
"NLD" "NOR" "NZL" "PAK" "PER

> "PHL" "POL" "PRI" "PSE" "QAT" "ROU" "RUS" "RWA" "SAU" "SGP"
"SLV" "SRB" "SVK" "SVN" "SW

> E" "THA" "TJK" "TTO" "TUN" "TUR" "TWN" "TZA" "UGA" "UKR" "URY"
"USA" "UZB" "VEN" "VNM" "Y

> EM" "ZAF" "ZMB" "ZWE"