Global Inequality and Patterns of Development

Development is not an end state; it is a process. Rather than adding another explanatory variable to a predictive model of economic development, this paper aims to shift the very discussion of development toward an examination of the process of development through historical time. Cross-sectional GDP per capita levels only capture a sliver of the development puzzle, discarding the historical nuances of each country’s path to that point.

**Global inequality**

Global inequality is huge (although being reduced somewhat. Then take out China)

**Macro explanations**

Neoclassical growth model fails to adequately account for patterns of global inequality

Review of major explanations:

* Colonial legacy: Acemoglu, Matthew Lange, Andrew Walder (communist transitions)
* World systems theory: Wallerstein
* World polity theory: John Meyer
* International institutions
* Resource curse

Move away from strict causal model: problem with many of these long historical processes is that there’s so much endogeneity; more interesting to understand the connections and patterns than to argue over the precise contribution of specific, isolated factors (none of these factors ever works in complete isolation)

**Beyond static GDP**

Better captures nuances of the historical process that get compressed when just looking at levels

Examples:

* East Asian countries
* Eastern Bloc countries

Some scholars have thought about patterns of development that are not just about GDP:

* Peter Evans, Atul Kohli, Sandbrook

**Diffusion**

Mention:

* Wejnert (2005) Democracy and Diffusion
* Weyland: Kurt Weyland. Perspectives on Politics, 13(2), 497-499.

Need to examine specific channels for diffusion:

* E.g. rise of scientific community and industrial revolution in Western Europe
  + E.g. Atlantic Crossings, American physics professors and electric dynamo, British mills in Meiji Japan
* E.g. military contact (e.g. Napoleon, European ships in East Asia): Tilly, Centeno

Meso-level processes:

* DiMaggio and Powell, institutional isomorphism
* Feedback effect

Language as proxy for set of specific channels

* More than just geographic proximity
  + We tend to take geographic regions for granted: East Asia, Europe, etc.

**Research Question**

Is there a relationship between linguistic distance and patterns of economic growth?

**Data and Methods**

(Note that all data is publically available online)

Primary sets of data:

* Linguistic data: very latest, most comprehensive set of phonemic data
* Economic data: Maddison data for 1950-2008, computed 5-year annualized growth rates, etc. (show examples from presentation, e.g. USA vs. Hungary vs. Bulgaria)

Controls:

* Geographic data: centroid latitude and longitude, geodesic distance
* Income levels for 2008
* Trade data: from UN COMTRADE

Distance matrices and Mantel test

* Show formulas for each kind of distance matrix
* Problem with standard errors for distance matrices: autocorrelation
* Solution: use Mantel test with randomized permutations
  + Common technique in genetics literature that can be applied to sociological problems
* Partial Mantel: get residuals from controls and then run Mantel

**Results**

Naïve findings: just Mantel for growth matrix on linguistic matrix

Main effect w/ controls: partial Mantel: growth on linguistic + geo + income + trade

Subsample analysis:

* Within each region: Europe, East Asia, SSA
* Minus oil producers
* Growth rates for specific decades: 50s, 60s, 70s, 80s, 90s

Hierarchical clustering?

**Discussion**

We can distinguish between countries that look similar in terms of current income levels but actually have different growth trajectories; and vice versa

**Conclusion**

Next steps:

* Dig into specific channels of diffusion, needs strong historical work
* Examine other areas of diffusion, e.g. cultural consumption