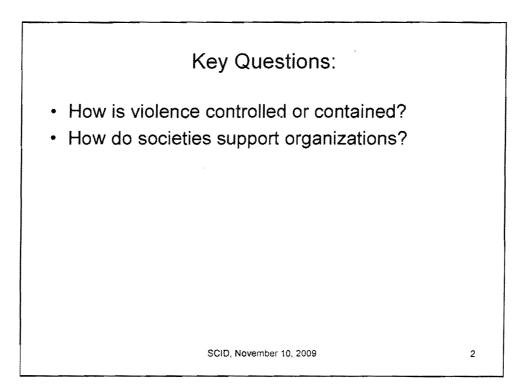
Violence and Social Orders: A Conceptual Framework for Interpreting Recorded Human History

> Implications for Economic Development

> > Douglass C. North John Joseph Wallis Barry R. Weingast

> > > SCID, November 10, 2009

1

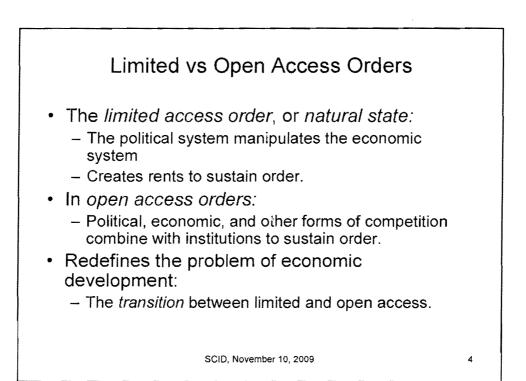


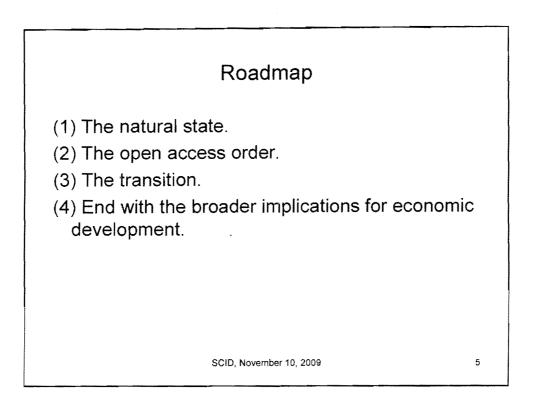
....

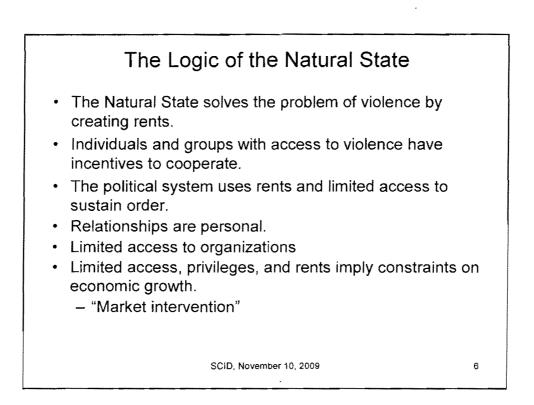
Social Orders

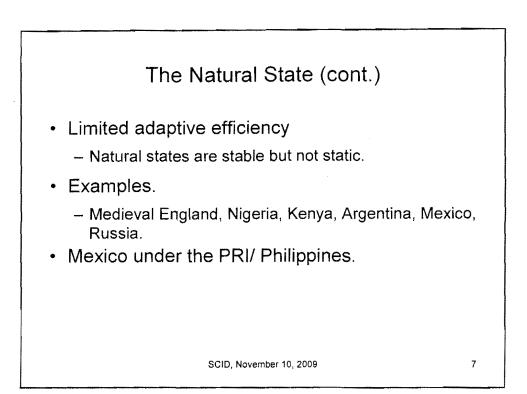
- A framework to understand the operation of the political, economic, and other social systems.
 - Violence
 - Institutions
 - Organizations
 - Competition.
- Three social orders in human history
 - Foraging order
 - Limited access order
 - Open access order.

SCID, November 10, 2009









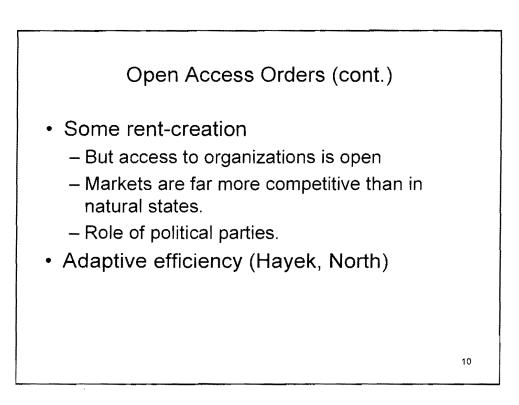


- · Three types of natural states
 - Fragile Natural States (Iraq, Sudan, Somalia)
 - Basic Natural States (Egypt, Nazi Germany, Sadam Hussein's Iraq)
 - Mature Natural States (Argentina, Brazil, India, Mexico).
- These types are not rigid categories.

SCID, November 10, 2009

Open Access Orders

- All citizens have the ability to form contractual organizations.
- · Open access creates and sustains:
 - Both economic and political competition.
 - Rich civil society.
- Impersonality
 - Impersonal exchange (North)
 - Impersonal benefits/ public goods.



The Transition

- The Transition begins with the doorstep conditions:
 - DC 1: Rule of law for elites
 - DC 2: Creation of a perpetual state.
 - DC 3: Political control of the military.
- The transition is difficult to begin.
- A few developing countries are in the transition
 - South Korea, Taiwan, possibly the Czech Republic, Hungary, Poland, and Chile.
- Most developing countries remain natural states.

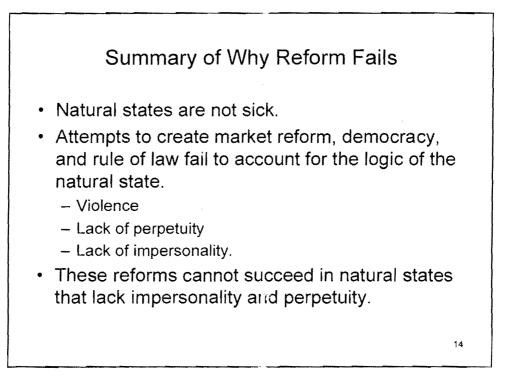
SCID, November 10, 2009

Natural States vs. Open Access Orders		
Concept	Natural State	Open Access
Violence	Distributed, not controlled	Consolidated, controlled
Perpetuity	Not perpetual	Perpetual
Impersonality	Personal	Impersonal
	SCID, November 10, 2009	12

Implications for Economic Development

- Violence is a first order problem.
- · Economists: Market reform is Pareto Optimal
- They see developing economies as having too much
 - "market intervention"
- "rent-seeking" (limited access). Implication: market reform.
- Our perspective:
 - Economists ignore the problem of violence.
 - Market reform threatens to undo the glue holding natural states together.
 - Hence reform is typically resisted.
 - Reform assumes the doorstep conditions.

SCID, November 10, 2009



What is to Be Done?

- No magic bullets.
 - Development remains a hard problem.
- Our perspective: need to create the basis for:
 - Consolidated political control of violence.
 - Perpetuity
 - Impersonality.



. ...

