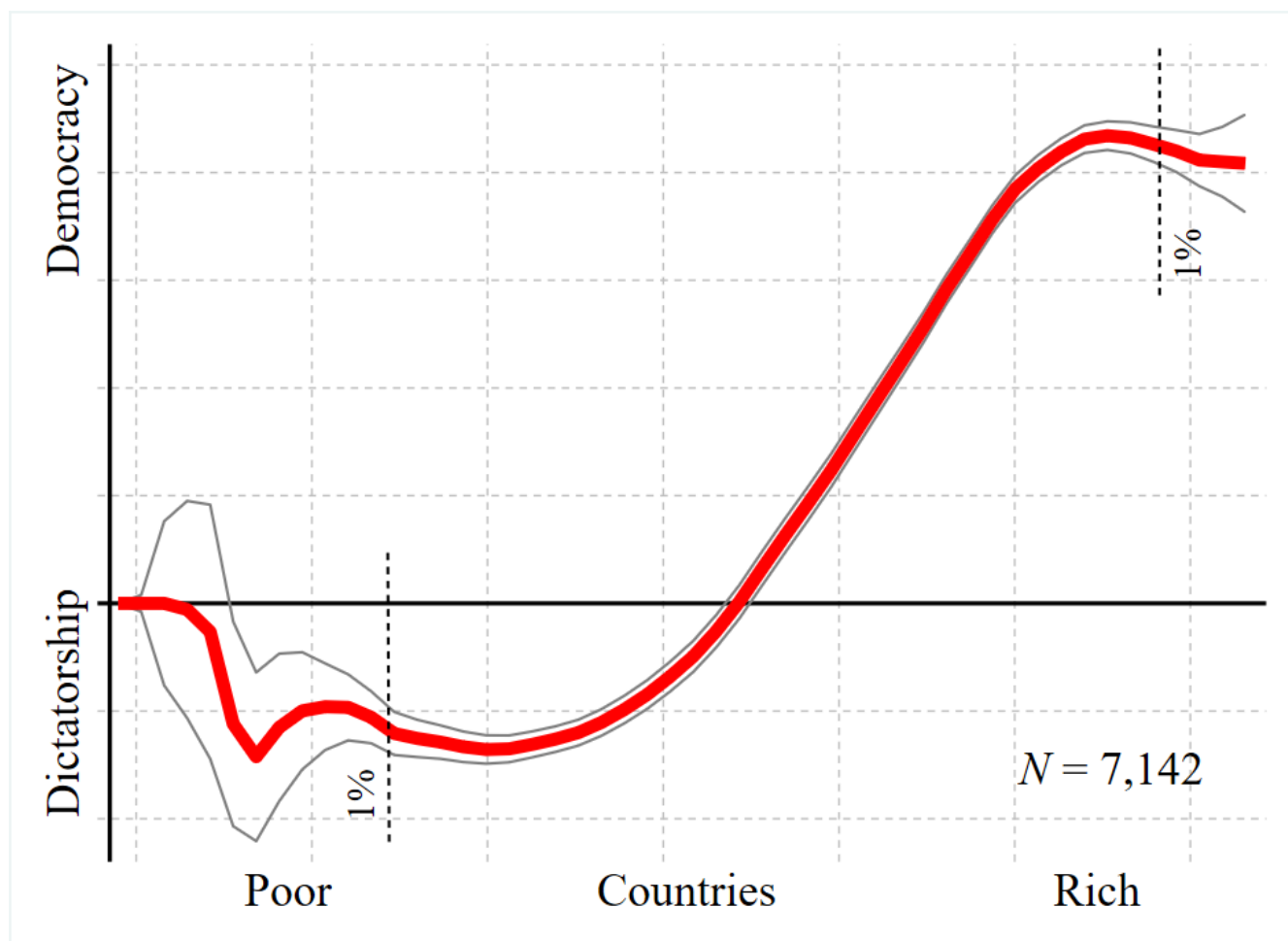


The Grand Pattern of Development and the Transition of Institutions



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Throughout history, most people have been poor, but in the last couple of centuries, some countries have grown wealthy. This has given a distinct pattern in all socio-economic data sets. The pattern is roughly similar in long time-series and wide cross-country data sets. The data have a rather constant level, when countries are poor, and a very different level, when countries becomes wealthy. In-between a transition from the poor traditional level to the wealthy modern level takes place. Transitions are underlying relations that need large datasets to stand out. The Agricultural Transition and the Demographic Transition are well known – they are both strong and fuzzy. The main part of book looks at seven institutional indices: three indices for the political system, two indices for the economic system, the corruption index and a religiosity index. All of these indices have transitions that look as clear as the ones in the share of agriculture and in fertility. It is also appears that the main direction of causality is from income to the indices, though in some cases some simultaneity appears.