

about. The concepts of extractiveness and inclusiveness seem terribly vague. Neither is a 0,1 choice and each is subject to a wide range of possible meanings. The distinction seems to involve such things as property rights, court systems, mass media, and democracy/pluralism and how extensive they are or how well they are working. These then are connected with the ability of groups in society to invest, acquire education, provide labor services, and introduce innovations. But precisely what is the connection? AR are never clear about this. Does it matter which of the variables is moving in a more favorable direction? Again, AR provide no guidance. Since they are dealing with history and already know the development/growth outcomes, they have great leeway in what variables they choose to emphasize in explaining what happened.

Try the following thought experiment. Suppose that we could describe each of the variables in exclusiveness/inclusiveness more precisely and distinguish favorable from unfavorable characteristics more clearly; we take this method and apply it to the situations of various key countries of the world in the year 1750, thus rating them (at least qualitatively) by degrees of exclusiveness or inclusiveness. How well would these ratings explain the development/growth that took place in these countries in the years following 1750? Relatedly, since social scientists are always interested in what factors are critical for economic growth, as countries' political systems evolve over time (say) from less to more inclusiveness, does it matter which institutions change? Do changes in property rights, or quality of the court system, or degree of pluralism all matter equally for economic development and does sequencing matter? What characteristics would determine when a country has moved from being extractive to being inclusive? These questions are important, but AR provide no guidance.

Analysts emphasizing the importance of institutions ascribe poor economic performance to inferior institutions and AR would add that this is not accidental: institutions underperform because powerful groups gain from this by maintaining control, and obtaining rents. This seems plausible enough, but its implications are pessimistic. While policies can be changed relatively quickly (for example, by tariff reductions, exchange rate changes, or slower monetary growth), improving the quality of institutions could take decades even if powerful groups acquiesce (Thailand will not become like Denmark overnight). For the four decades up to 2000, the