

**Measuring Institutions:
Indicators of Political and Property Rights in
Mozambique,
1900-2005**

John M Luiz, Luis Brites Pereira and Guilherme Oliveira

1. INTRODUCTION

New institutional economics has highlighted the role of institutions in economic processes.

However, almost all these studies have relied on cross sectional data with the associated limitations thereof. Time series analysis allows one to unpack the dynamics of growth but requires intensive data on individual countries. Whilst pure economic data is generally available (although of varying quality for developing countries), institutional measures are limited.

In this paper we focus on the role of political and economic institutions in Mozambique's development. We produce two sets of institutional indicators which are generally considered important for economic growth.

- An index measuring the de jure recognition of political and civil liberties from 1907 to 2005**
- An index measuring the de jure recognition of property rights from 1907 to 2005**

2. LITERATURE REVIEW

The early literature in Development Economics relied on purely technical economic relationships to account for the underdevelopment traps that poor countries found themselves in.

The proliferation of endogenous growth literature from the 1980s onwards has resulted in economists thinking about the process of growth in a much more holistic manner. Explanations have included: ethno-linguistic fractionation, state structures, demography, geography, bad economic policy, poor human capital, external conditions, initial conditions, colonial history, heavy dependence on primary products, lack of financial depth, poor public service provision etc. Although there is debate as to the exact contribution of these various factors, almost all economists are in agreement that we need to pay much greater attention to non-economic factors in our explanations of underdevelopment.

Three most prominent and relevant schools of thought in this regard. The first has its origins in early theories of modernization.

The second school of thought focuses on getting the political institutions in place.

The last school of thought emphasizes getting the economic institutions right as this would encourage further development and capital flows. In particular it focuses on the importance of property rights as a precondition for economic development.

3. METHODOLOGY

We replicate the methods used in Fedderke, De Kadt and Luiz (2001) and Gwenhamo et al (2008) in line with the overall goal of producing comparable data-sets. Information is collected on changes in the constitutional and legal framework of Mozambique over time, and this information is assessed against a set of standardised criteria to assign ratings to the changes. In this way, annual scores for political liberties and property rights are obtained.

4. POLITICAL RIGHTS AND CIVIL LIBERTIES

Political rights consist of the power to participate, directly or indirectly, in the establishment or management of government and thus provide a check on indiscriminate government power. Civil liberties are positive fundamental rights and freedoms which belong to an individual that ensure equal treatment and non discrimination and which are seen as essential to the functioning of a liberal democratic system – these include their rights to pursue their own interests including such rights as freedom of speech, of association, of movement and of the press.

In the interests of comparability, the same criteria and weightings are used here as in Gwenhamo et al (2008). As such the components of political liberties used are: voting rights, freedom of association, freedom of assembly, freedom of expression, extent of arbitrary executive power, independence of the judiciary and the legislature, government secrecy or indemnity, the due process of laws, freedom of movement and academic freedom, religious freedom and a residual category.

Increases in the score indicate a move toward the full recognition of the right, and decreases indicate a move away from the ideal. A country which achieved a score of 100 would be the ideal participatory democracy with full protection of all civil liberties. A country with a score of 0 is theoretically possible only in a state of nature.

Figure 3 - Political Rights Index for Mozambique 1900-2005

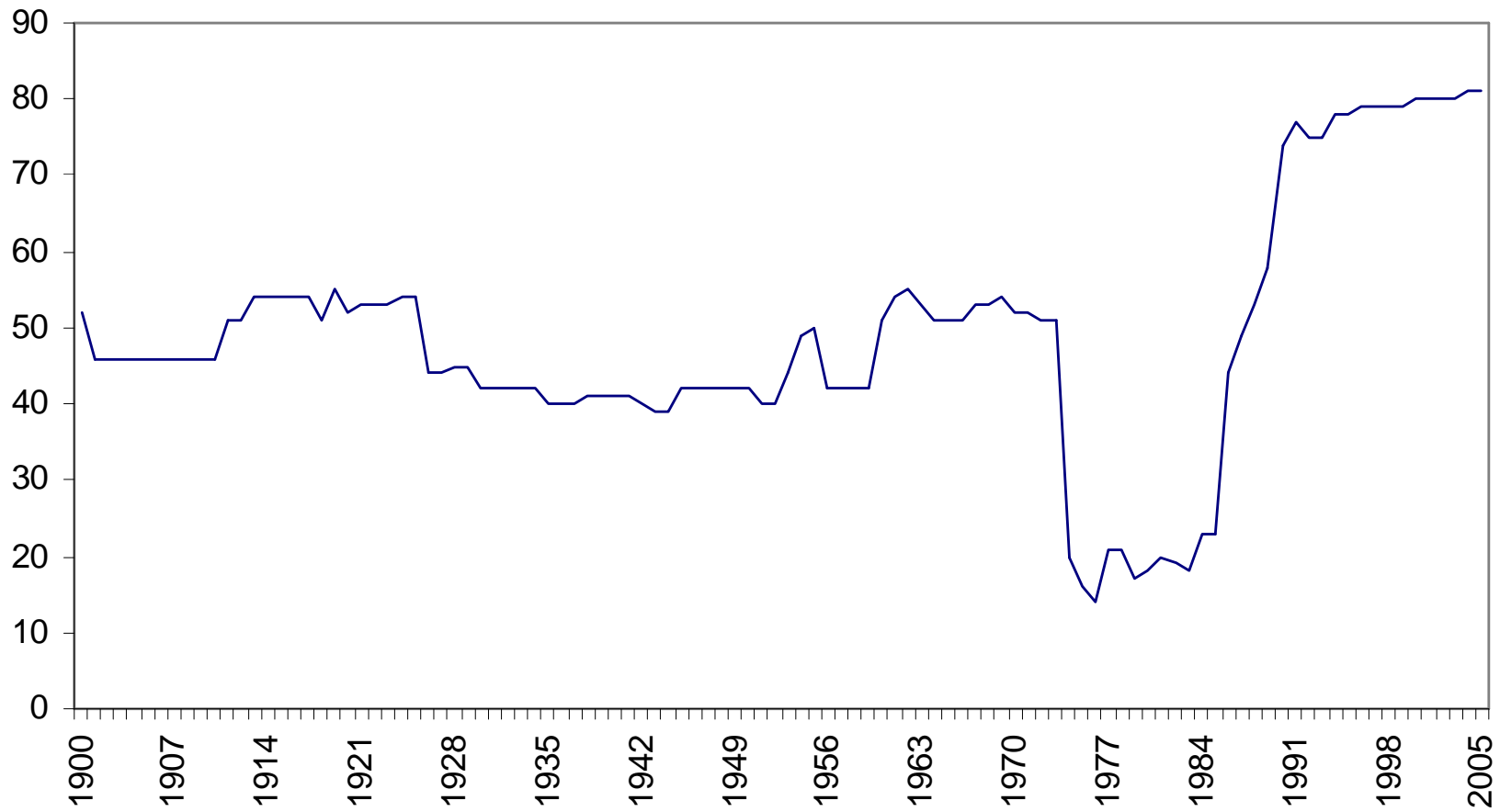
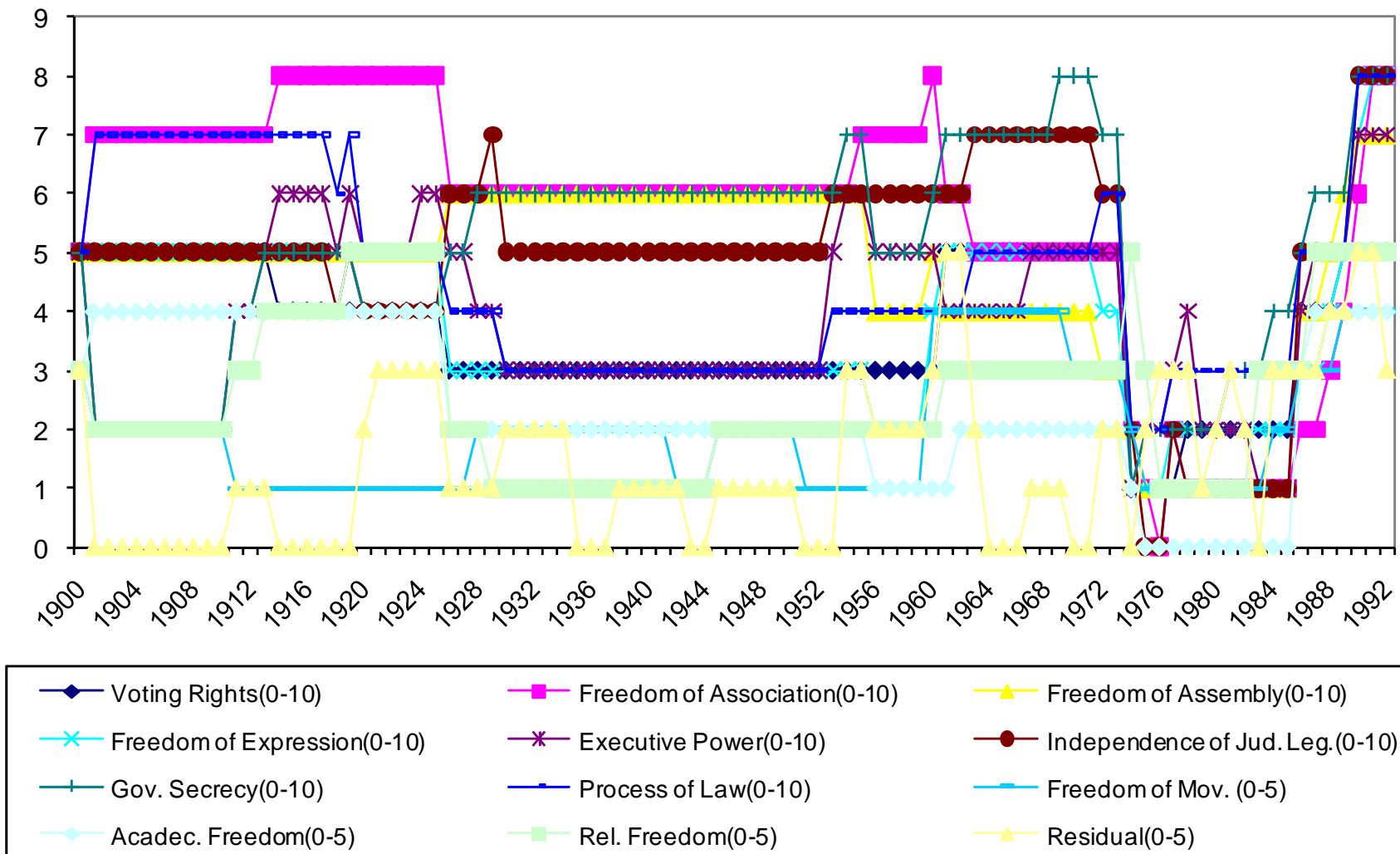


Figure 4 - Individual Components of Political Rights Index 1900-2005



5. PROPERTY RIGHTS

The ratings and weighting used here are those identified by Gwenhamo et al (2008), which used the ideal set of property rights laid out by Honore. However, Gwenhamo compresses Honore's 11 components to 7 criteria: the right to possess; the right to use; the right to manage; the right to capital; and the right to security; the power to transfer; and the liability to execution.

Figure 5 - Property Rights Index for Mozambique 1900-2005

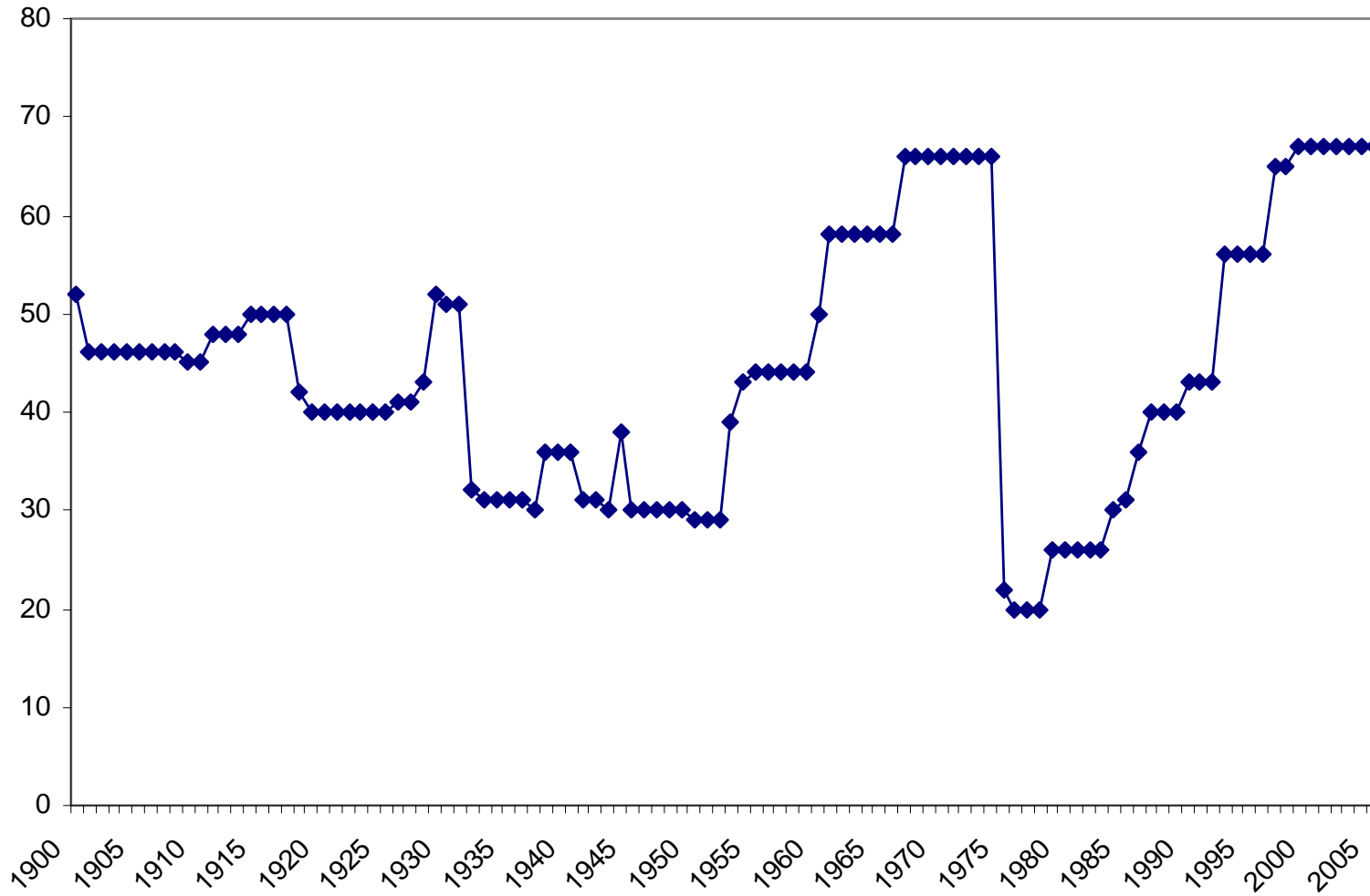
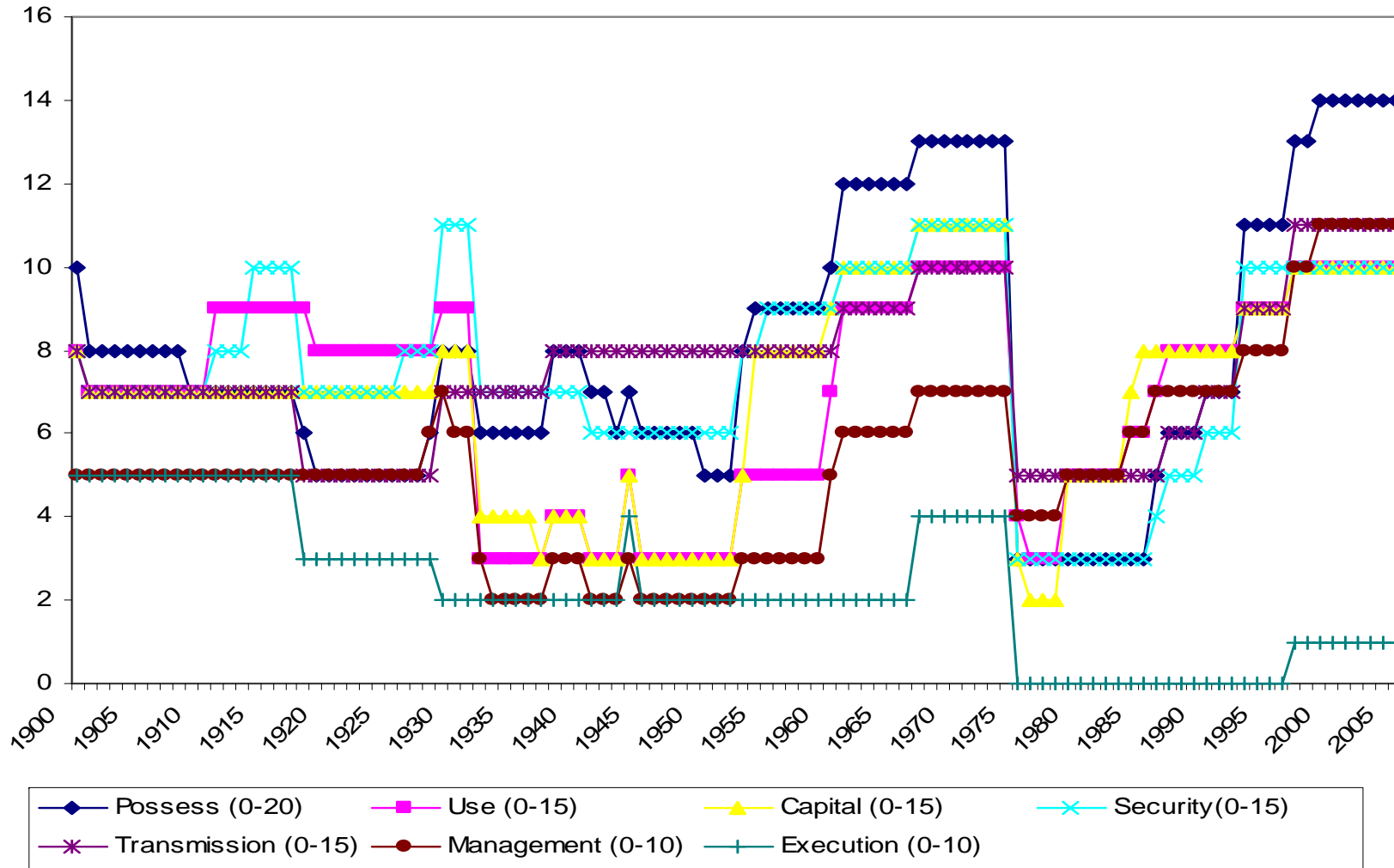


Figure 6 - Individual Components of Property Rights Index 1900-2005



6. Conclusion

- The construction of these indices is a painstaking process through historical records but it provides us with a richness of institutional data previously not available and will allow us to explore the dynamics of economic growth and development over time for individual country case studies and country and regional comparisons. We believe that this will be a very fruitful area for future research into economic growth.
- Our intention is to develop comparable indicators for all Southern African countries in time which will enable not only time series work but also allow for innovative panel studies. The high levels of change witnessed in the property and political rights indices for Mozambique illustrate the problems of using a static cross sectional approach to unpack the dynamics of growth.