

An Empirical Investigation of Montesquieu's Theories on Climate

Authors : Lisa J. Piergallini

Abstract : This project uses panel regression analyses to investigate the relationships between geography, institutions, and economic development, as guided by the theories of the 18th century French philosopher Montesquieu. Contemporary scholars of political economy perpetually misinterpret Montesquieu's theories on climate, and in doing so they miss what could be the key to resolving the geography vs. institutions debate. There is a conspicuous gap in this literature, in that it does not consider whether geography and institutions might have an interactive, dynamic effect on economic development. This project seeks to bridge that gap. Data are used for all available countries over the years 1980-2013. Two interaction terms between geographic and institutional variables are employed within the empirical analyses, and these offer a unique contribution to the ongoing geography vs. institutions debate within the political economy literature. This study finds that there is indeed an interactive effect between geography and institutions, and that this interaction has a statistically significant effect on economic development. Democracy (as measured by Polity score) and rule of law and property rights (as measured by the Fraser index) have positive effects on economic development (as measured by GDP per capita), yet the magnitude of these effects are stronger in contexts where a low percent of the national population lives in the geographical tropics. This has implications for promoting economic development, and it highlights the importance of understanding geographical context.

Keywords : Montesquieu, institutions, geography, economic development, political philosophy, political economy

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