New research suggests presidential systems are worse for a country's economy than parliamentary forms of government

January 23 2019

Economists from the universities of York and Canterbury analysed economic data from 119 countries over the 1950 – 2015 period.

Their findings reveal that presidential regimes consistently produce worse economic outcomes compared to parliamentary systems, particularly in countries where presidents enjoy extensive legislative powers.

Regime change

The study reveals that annual output growth under presidential regimes is between 0.6 and 1.2 percentage points lower than under parliamentary systems. Inflation is also at least 4 percentage points higher and distribution of income is between 12 and 24% more unequal.

Co-lead author of the study, Professor Gulcin Ozkan from the Department of Economics and Related Studies at the University of York, said: "Establishing a link between forms of government and economic outcomes serves a significant purpose by providing guidance for countries considering regime change.

"Turkey, for example, held a referendum in 2017 which extended President Erdogan's power while in Cuba the electorate will vote on a set of constitutional changes which would limit presidential power in
February this year."

**Big personalities**

The authors of the study took other factors known to impact a country's economy - such as the legacy of colonial regime, geography and religion - into account in order to isolate the effects of the two forms of government.

While more research is required on the causes of the difference, the researchers suggest that one of the reasons why presidential regimes produce a worse economic performance could be because when big personalities are involved, transitions between presidents can be stark and unsettling, sending shock waves through an economy. Conversely, in a parliamentary system, the differences between parties are smaller, allowing for smoother changes of government.

**Checks and balances**

Parliamentary systems are also associated with better checks and balances, free media, freedom of speech and rule of law – all of which are factors linked to better economic performance.

Professor Ozkan added: "Many people living in countries with parliamentary governments have at times felt frustrated by the checks and balances in place which have prevented individual leaders from tackling key political issues, but these findings are a reminder that these controls also serve to limit the power of individuals and protect populations from economic instability."

Provided by University of York

Citation: New research suggests presidential systems are worse for a country's economy than parliamentary forms of government (2019, January 23) retrieved 22 December 2022 from https://phys.org/news/2019-01-presidential-worse-country-economy-parliamentary.html

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.