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Do Monarchies Have Higher Rates of Economic Growth?

Lipton Matthews

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In its June edition, *Cato Unbound* published a feature discussing the pros and cons of constitutional monarchies. Quite surprisingly, mainstream academics are expressing a renewed interest in studying monarchies. Originally, arguing for the utility of monarchies was the reserve of libertarian intellectuals like Hans-Hermann Hoppe and Erik Kuehnelt von Leddihn. Nevertheless, during the past ten years, we have been fed a welter of empirical studies articulating the superiority of constitutional monarchies relative to democracies.

Following this trajectory, the scholars hosted by the Cato Institute proposed decisive arguments favoring their respective positions. Launching the debate lead essayist Vincent Geloso marshals a powerful justification for retaining constitutional monarchies where they already exist: “By investing in symbolism to reach high levels of popularity, ceremonial monarchs could be generating higher levels of trust...In so doing, they may be allowing a stronger civil society that can act as a substitute for government and as a check on the democratic tendencies to over-legislate and over-regulate.”

That monarchies cultivate social capital by serving as a symbol of political unity is an appreciated observation. Geloso is cognizant of monarchical virtues, however, other parties in the debate appear unimpressed. In his presentation “Monarchy: Cause of Prosperity or Consequence?” Rok Spruk submits that the survival of constitutional monarchies is a consequence of long-run economic growth. Spruk rubbishes the argument that monarchies motivate prosperity by asserting that the success of monarchies is a result of economic progress. For Spruk, economic prosperity is linked to the longevity of monarchical rule.

He claims that monarchies collapsed in European countries where the economy was underperforming. Spruk introduces an interesting counterpoint, but the story chronicled by history is more complicated. Thinkers like Alexis de Tocqueville, Erik Kuehnelt von Leddihn, and Ted Gurr have demonstrated that rising affluence can provide fertile ground for revolutions. Economic sluggishness may infuriate the working classes, but usually, revolts are orchestrated by socially ambitious intellectuals, as James Billington points out in his riveting tome *Fire in the Minds of Men*.

Primarily, revolts reflect the insecurities of thought leaders who demand greater prestige. Because revolutions do occur in prosperous times, one must be skeptical of the thesis that European monarchies imploded in the twentieth century due to an inability to record high growth rates. Neither is there a direct link between economic stagnation and political turmoil. In the Caribbean, there are many countries with sub-par growth rates and high levels of income inequality, yet their governments are indeed stable with Haiti being the outlier.

Similarly, Spruk's contention that affluent European countries only retained the monarchical rule because of economics warrants scrutiny: "The wealthier European countries remained monarchies in the twenty-first century not necessarily because constitutional monarchies intrinsically develop better safeguards against arbitrary executive power but precisely they were able to achieve high levels of per capita income prior to major shocks like World Wars I and II."

Spruk in his working paper on which the article is based cites the constitutional monarchy of Portugal as evidence for his theory. Though it seems odd to compare Portugal to constitutional monarchies like Britain and Sweden. Portugal functioned as an absolute monarchy for most of its royal history and unlike Sweden, Britain, and Denmark, she never experienced an age of free market reforms on a similar scale.

By the nineteenth century the Portuguese Empire was perceived as decrepit and lacking in modern sensibilities. Institutionally, Portugal was never in the league of the monarchies that survived hostile shocks of the twentieth century. It would be instructive to test the quality of Portugal's monarchy comparing her to her peers. Spruk's objection to the preservation of constitutional monarchies is a welcomed challenge for thinkers aiming to elucidate the merits of monarchical rule.

Admittedly, Spruk's argument is one of the better objections to preserving constitutional monarchies, but on average, it seems that the evidence favors monarchies. Collins C. Ngwakwe and Mokoko P. Sebola in "Republics and Monarchies: A Differential Analysis of Economic Growth Link," opine that though there is an insignificant relationship between regime type and growth "the mean GDP is slightly higher for monarchies than in republic countries". Their conclusion is indeed striking: "Similarly, the variance statistic (a measure of instability) is lower for constitutional monarchies and higher for republics, indicating that constitutional monarchies appear more stable than republic countries."

Additionally, Garmann (2017) supplements the literature by statistically proving that monarchies are associated with significantly better institutions. Though monarchies evidently possess some advantages, the evidence furnished in this piece is not to suggest that we should revert to monarchical rule, but rather indicate that the merits of studying alternatives to democracy.