

The problem of government actors overstepping their countries' constitutions is a global phenomenon. Recently, under the heading of constitutional non-compliance, this topic attracted economists' attention, in particular those active in the field of the so-called constitutional economics. Constitutional non-compliance is defined in these studies as the discrepancy between de jure provisions written down in countries' constitutions and de facto behavior of their governments. Existing economic studies of constitutional compliance have succeeded in identifying a set of factors affecting the size and evolution of this de jure-de facto gap. We, in turn, focus in this project on its economic and social effects.

Constitutional economics studies have systematically confirmed the significance of constitutional frameworks for policy decisions and economic outcomes. De jure-de facto gaps, that emerge when constitutions are not complied with, undermine the effectiveness of these mechanisms and increase the transaction costs of governing. These consequences can be expected to translate into adverse economic and social effects.

A recent first empirical study on this topic for the global sample (Lewczuk, Metelska-Szaniawska 2023) delivered a tentative indication of a negative effect of constitutional non-compliance on Gross Domestic Product per capita. With this project we aim not only to confirm this result using more reliable empirical methods, but also broaden this research agenda by asking a battery of additional questions, as well as provide new insights on the mechanisms behind these effects and their microfoundations.

Research in this project is planned at two levels of analysis.

At the country level we study the socio-economic effects of constitutional non-compliance using the novel Comparative Constitutional Compliance Database (Gutmann et al. 2023). For example, we ask the following questions: (1) What is the long-run effect of constitutional non-compliance on economic development and the time path of this effect? (2) What are the cumulative effects on Gross Domestic Product of permanent transition to constitutional compliance? (3) Is it possible to identify spatial waves of constitutional compliance in groups of countries defined by location, income level, or political regime? (4) What are the mechanisms behind these effects, in particular does constitutional non-compliance deter domestic and foreign investment? We investigate these questions for a global sample for the period 1960-2020 using a set of sophisticated econometric techniques.

At the individual level we focus on the microfoundations of these effects. Specifically, we study the behavior of two types of economic actors – individual investors and individual consumers/citizens. In the case of both groups, we expect deteriorated trust in government in response to observed constitutional non-compliance. This not only discourages investors, but may also negatively affect individuals' subjective well-being. To test these predictions we design a series of economic experiments, which we implement: (1) during field work among real investors recruited at investor-targeted events; (2) in laboratory settings among Economics students in two countries – Poland and the Netherlands, which differ both in economic development levels, as well as experiences regarding constitutional compliance; (3) in online survey experiments on well-powered representative samples of respondents from the same two countries. The use of experimental methods allows to control for a variety of other factors influencing individual actors' decisions that cannot be accounted for at the aggregate country level.

The project brings contributions to constitutional economics and related fields, both in terms of substance and methodology. By deepening our understanding of the consequences of violating constitutional provisions, we deliver important insights about constitutions' contributions to the functioning of the economy and society, as well as evidence-based recommendations for legislators and political decision-makers.