

Figure 1. (A) An agent's economic action and political position as a function of his type and the political environment. (B) Multiple equilibria of economic and political choices may exist.

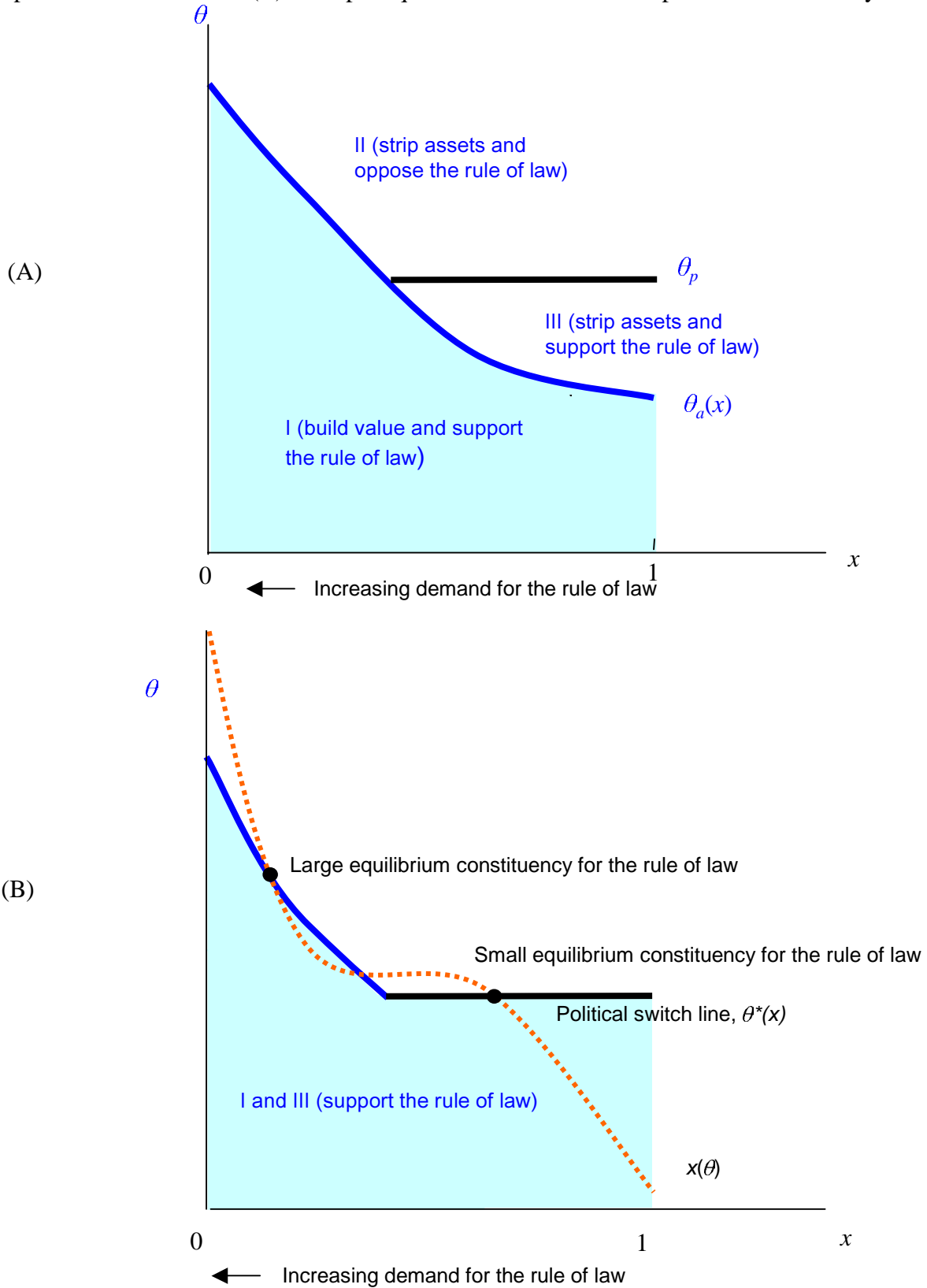


Figure 2. Comparative statics

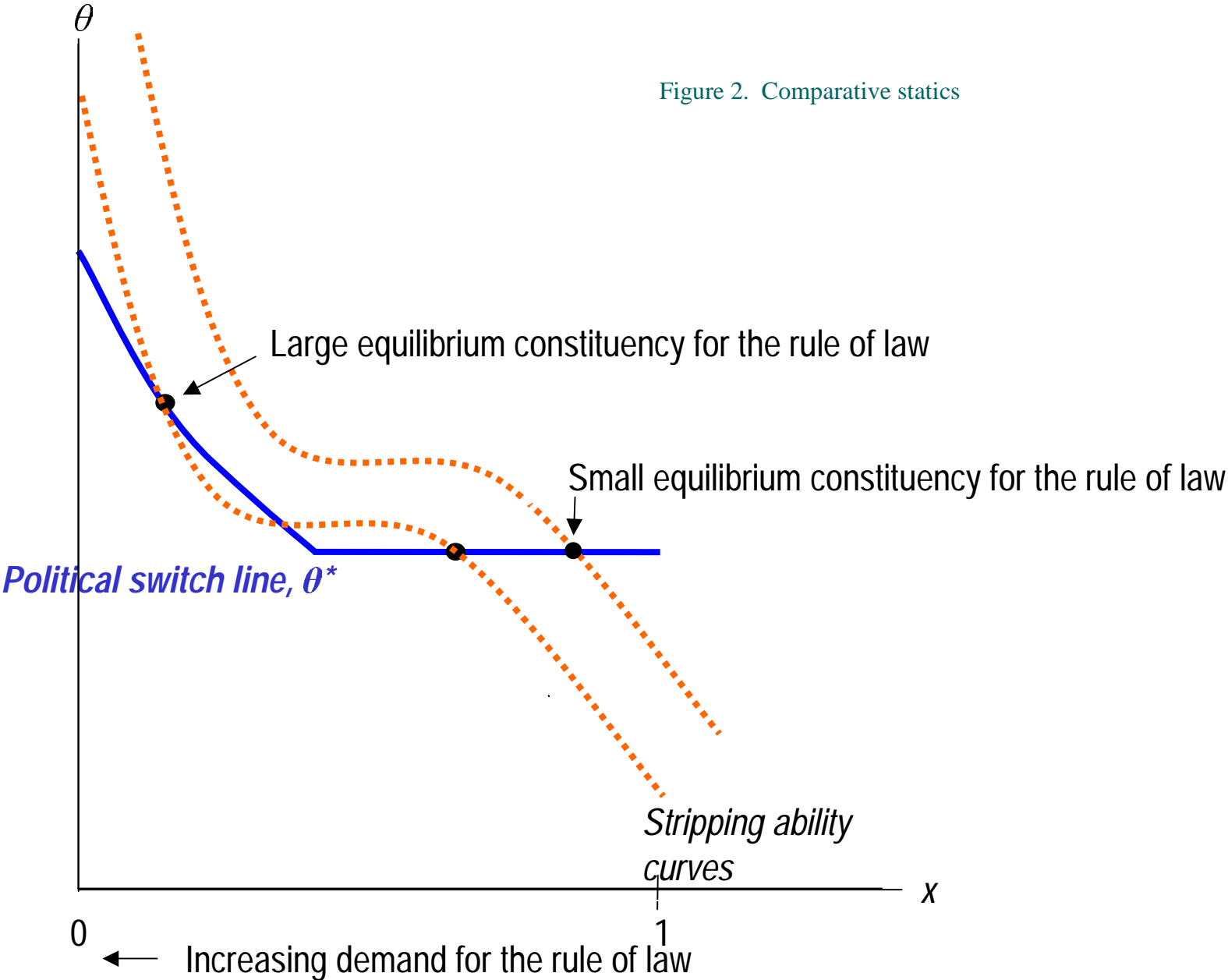


Table 1. Natural resource abundance, growth, and property rights insecurity

Country	Measures of Natural Resource Abundance			Performance Measures		
	Fuel and mineral exports/ total exports (percent)	Fuel and mineral exports/ GDP (percent)	Year	2000 GDP/ 1989 GDP (percent)	% believe legal system will not “uphold my contract and property rights in business disputes” (EBRD/WB survey)	<i>Wall Street Journal</i> rule of law index (10 = best, 0 = worst)
Moldova	3.80	0.69	1994	33	74	4.7
Slovenia	4.36	1.65	1994	114	26	8.4
Hungary	7.00	1.70	1994	104	29	8.7
Slovak Republic	8.04	3.13	1994	103	36	6.4
Czech Republic	8.48	2.43	1994	98	55	8.3
Estonia	9.18	3.68	1995	83	23	8.5
Average	6.81	2.21		89	40	7.5
Croatia	11.02	3.16	1994	80	34	7.0
Romania	13.63	2.81	1994	77	43	5.6
Bulgaria	16.17	6.72	1996	71	43	5.9
Poland	16.98	2.82	1994	127	25	8.7
Lithuania	18.32	5.96	1994	65	65	7.2
Average	15.22	4.29		84	42	6.9
Kyrgyz Republic	23.63	2.93	1995	66	71	4.4
Kazakhstan	48.86	12.87	1995	69	59	4.5
Russia	53.16	14.44	1996	63	73	3.7
Average	41.88	10.08		66	68	4.2

Note: Countries are listed in increasing order of natural resource abundance, as measured in column 2.

Source: Rule of law ratings are from the *Central European Economic Review*, a supplement to the *Wall Street Journal*. Export and GDP data for columns 2 and 3 are from Statistical Information and Management Analysis (SIMA), World Bank. Growth data in column 5 are from EBRD 2001.

Figure 3. Time path of expected GDP

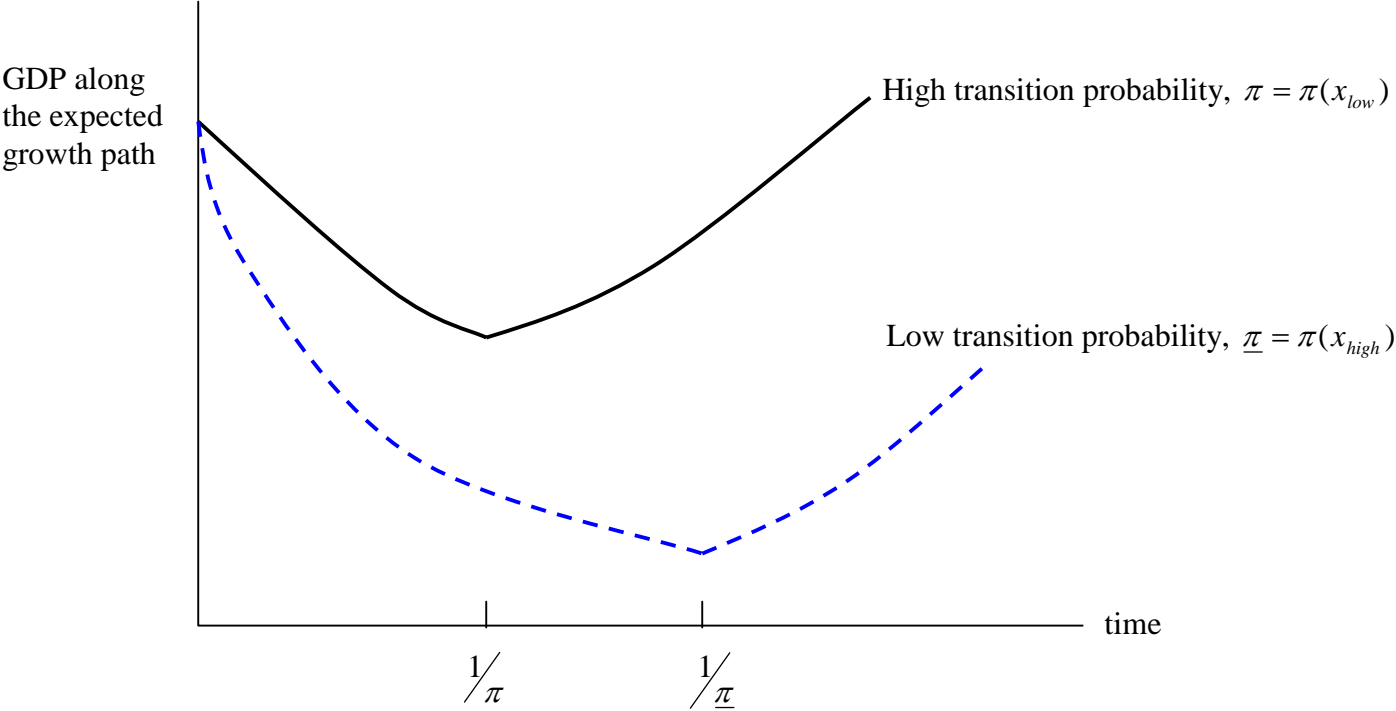


Figure 4. Rule-of-law constraint

