Discussion of
"The Deep Historical Roots of Macroeconomic Volatility"

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Main points

- This paper analyzes whether the history of state-level political institutions affects current macroeconomic volatility.
- It shows that countries with longer state histories experience less output volatility and this result is quite robust.
- State history affects volatility through political and financial factors, which are political risk, fiscal discretion, financial development, and FDI inflow.

Comments and questions

- How and why state history affects macroeconomic volatility are not very clear.

  - What is meant by state-level political institutions exactly? Some examples would be good.
  - The existence of institutions is important, what about their quality?

- For the state history variable, it is stated that "*For each 50-year period, a country receives 1 point if it has a government above the tribal level*"

  - Does the country receive 1 point for having a government even for 1 year or the whole 50-year period?
  - Does having a government above the "tribal" level really represent the state-level institutions that the authors have in mind?
  - The other dimensions of this variable (whether the government is locally based, the percentage of land controlled by the government) seem to be measuring conflict within the country.

Comments and questions

- "Midlevel administrative power exerted through state-level political institutions" is used as a reason for state history to reduce volatility:
    - Does the state history variable actually capture this?

- "A unified state with a common national identity and language" is said to reduce volatility.
    - Being a state does not necessarily require a national identity or language. Which one is important, a long history of nationhood or a long state history?
    - The state history variable may not be capturing this either.

Comments and questions

- State history variable is constructed using data from AD 1 to 1950.
  - ▸ Is older history as effective on today's macro volatility or is it just the last, say, 100 years?
- It would be good to see some summary statistics.
  - ▸ Especially to have an idea about how state history changes across country groups.
- Separate results for developed and developing country subsamples?