
Rethinking comparative economics

Giovanni B. Ramello*

Abstract

This paper reflects on the evolution and current role of what we define as comparative economics, using the experience of the *European Journal of Comparative Economics* as a vantage point for observing broader disciplinary changes. Originally centered on the comparison between capitalism and socialism, comparative economics has progressively shifted toward the analysis of institutional diversity, methodological pluralism, and systemic uncertainty. Following the collapse of socialism and the subsequent dominance of market-oriented paradigms, comparative analysis was often reduced to the study of transition and convergence. Recent global developments, however, have challenged this perspective, revealing persistent heterogeneity, instability, and non-linear trajectories across economic systems. The paper argues that comparative economics is today more relevant than ever, not as a field defined by specific objects of comparison, but as a methodological approach aimed at interpreting institutional complexity and contextual variation. The analysis underscores the limits of purely classificatory or efficiency-based comparisons and highlights the need for an institution-sensitive, interpretive comparative methodology to understand contemporary economic phenomena.

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1. Introduction

Since its foundation in 2004, the history of the *European Journal of Comparative Economics* can be described as both a scholarly adventure and an experiment in creating a high-quality academic journal that is freely accessible to readers and managed with a minimal budget—an endeavor that some of its founders elsewhere have aptly described as “publishing a journal on a shoestring.”¹

It can be argued that both objectives have been successfully achieved. The journal has now reached maturity: among others, it is indexed in the major bibliometric databases and has been recognized by numerous national research assessment agencies besides, of course, the scholarly community. Yet, this is only part of the story and journal is a vantage point for observing another dynamic. The journal’s core field, comparative economics, has itself been subject to ongoing transformation. As a result,

* Dipartimento di Economia e Statistica "Cognetti De Martiis", Università di Torino. Lungo Dora Siena, 100 - 10153 Torino. Email: giovannibattista.ramello@unito.it

¹ This editorial adventure shared together by Piero Cavaleri, Michael Keren, Giovanni Battista Ramello and Vittorio Valli is described in Cavaleri et al., 2009.

both the journal and its contents have faced—and continue to face—several challenges. The adventure, if we may still call it so, is therefore far from over.

The central issue today concerns the journal's focus, or more precisely, the evolving boundaries of the label "comparative economics" over the past decades and its current direction. When the European Journal of Comparative Economics began publication, it did so roughly fifteen years after the fall of the Berlin Wall, an event that heralded the subsequent collapse of socialism across much of the world. Until that point, the core of comparative economics had been the comparison between the two major political and economic blocs—Western and Eastern countries—more succinctly framed as capitalism versus socialism. For a long time, the discipline revolved around the contrast between market-driven economies and systems of state-planned resource allocation, with several intermediate variations and hybrid systems (Auriat, 2025). Beneath this economic comparison lay a broader confrontation between political frameworks: decentralized decision-making systems on the one hand and fully centralized economies on the other. However, the story now evolved a lot, and several changes are occurring and making comparative economics partially a different entity. In the subsequent Sections I trace part of the past trajectory and I try to give a perspective of what are the ongoing changes making comparative economics even more important than before, especially if we consider it not as a field but as a methodology. Section 2 describes the first turning point that characterized comparative economics after the 1989 collapse of socialism almost everywhere. Section 3 focuses on the current changes and highly uncertainty characterizing the modern times while Section 4 asserts that in fact the comparative method is the way for deepening the knowledge of economic and social phenomena during uncertain times. Finally, Section 5 provide an example focusing on the specific role of judicial institutions on the economies and how for instance this phenomenology requires a careful analysis in order to grasp how variance actually relates to deep characteristics of societies.

2. The collapse of the Berlin world: the first turning point

Capitalism and socialism were thus frequently portrayed as being in direct opposition. Except for those who regarded socialism as an ideal societal model, much of

the comparative literature tended to associate socialism with authoritarian political regimes, while capitalism was commonly linked to freedom, efficiency, and prosperity.

The collapse of the socialist bloc therefore carried two distinct implications. On the one hand, capitalism appeared to have emerged as the unequivocal victor over socialism, leading to the wholesale rejection of institutions, policies, and analytical frameworks associated with the latter. In this context, political outcomes effectively shaped economic inquiry: planned economies, as characteristic of socialist systems, were no longer considered a relevant object of study.

It is worth noting that within a relatively short period of time, the economic divide that had dominated scholarly debate for decades largely vanished. Concepts and theories associated with socialism rapidly lost credibility. As a result, for making an example, Marx's writings virtually disappeared from mainstream economic discourse, surviving only within a few specialized niches. Meanwhile, capitalism—now the sole dominant large-scale economic model—came to be accepted almost uncritically as the optimal system, often with limited attention to its potential shortcomings. These shortcomings, including rising inequality both inter-country and intra-country (Bonica et al., 2013; Flaherty and Rogoski, 2021), would later emerge as significant sources of economic and political instability, thus reopening, as it will be then argued, the need of a comparative view.

At the beginning, 1989 marked a turning point not only in world history but also in economic thought: it functioned as a *de facto* validation of a widely held belief in the supremacy of free markets over alternative economic paradigms. This disappearance also brought about a significant shift in perspective. Whereas previously the coexistence of two alternative systems—capitalism and socialism—had structured the debate, the free market gradually became the sole reference point against which other economic systems were assessed. Therefore, comparative economics increasingly evolved into a field primarily concerned with analyzing the transition of formerly socialist countries toward capitalism. In other words, the prevailing paradigm came to function as the implicit metric for interpreting economic developments elsewhere. This was accompanied by the assumption that the dominant model was largely immutable and resilient, while other systems were expected, sooner or later, to converge toward it. Comparative analysis thus became a means of measuring alternative economic

arrangements against a benchmark and of tracing their trajectories toward that benchmark. In this context, the capitalist world appeared to occupy a totemic position that was no longer subject to serious questioning.

This apparent idyll, however, proved to be short-lived. Over time, it became evident that changes in the global political and economic order were giving rise to new actors and alternative trajectories. What had initially appeared as a definitive victory of a single paradigm increasingly revealed itself as a transitory phase, marked by a temporarily granted supremacy rather than by structural permanence. The capitalist model that emerged in Western economies was not, in fact, carved in stone. As scholarly debate evolved, it became clear not only that there exist multiple varieties of capitalism, but also that capitalist mechanisms can be combined with different political and institutional arrangements (Nadoban, 2023).

China provides a particularly salient example. Rather than simply becoming a major economic and political player within an existing capitalist order, it has occupied spaces left by other countries while simultaneously “interpreting” and reshaping its role according to an idiosyncratic paradigm that does not fit neatly into conventional market versus non-market classifications (Valli & Saccone, 2015; Pearson et al., 2021).

Moreover, with the disappearance of the original focal point of comparative studies, it became increasingly apparent that the global economy was not moving toward a path of harmonization. Instead, the prevailing condition in international relations has been one of persistent tension and what may be described as substantial entropy. Such instability is driven by a complex interplay of political, social, cultural, religious, and other factors. The world has thus revealed itself to be profoundly multifaceted, with sources of instability widely dispersed across regions. What may at times appear to be equilibrium often represents only a temporary phase within a broader and more volatile trajectory. In this respect, contemporary conflicts should be understood not as isolated unexpected events, but as visible manifestations of deeper and more pervasive forms of instability. Today analysts underline the risk and instability of this second half of the decade (Flaherty and Rogoski, 2021).²

² Ref. Also to the ongoing debate in the World Economics Forum, at <https://www.weforum.org/publications/global-risks-report-2026/digest/>

3. The era of uncertainty

If, during the era of capitalism versus socialism, the discipline operated under a relatively stable—if stylized—representation of equilibrium, and perhaps even under the expectation that such an equilibrium might eventually be attained, today those beliefs have been progressively eroded. The analytical perspective has become far more granular, rendering any unified or comprehensive picture increasingly difficult to sustain. The World Economic Forum specifically explain that “[t]he multilateral system is under pressure. Declining trust, diminishing transparency and respect for the rule of law, along with heightened protectionism, are threatening longstanding international relations, trade and investment and increasing the propensity for conflict” and specifically underline that the first worry is about the “centrality of Geoeconomic confrontation in the global risks landscape” (World Economics Forum, 2026, pp. 7-8)

At a macroeconomic level, in fact it is increasingly evident that political and economic dynamics are deeply intertwined, to the point that predicting economic outcomes has become particularly challenging. While countries may internally endorse free-market principles and benefit from their positive effects on social welfare, they may simultaneously deploy the economic power generated by market activities as an instrument to influence the global economy and other nations. Trade wars, for example, despite contradicting some of the most basic lessons of standard economic theory, are frequently used as tools to pursue political objectives and to exert pressure on weaker economies. Notably, the responses of other countries—including those that retain elements of socialism, such as China—are articulated not only in political terms but also through economic strategies (Pearson et al., 2021). Beyond ideology and formal political orientation, economics itself has become a source of power mobilized to shape international political behavior.

The normative appeal of free markets and their potential benefits for society thus remains central to the worldview of economists. In the political arena, however, these principles are often subordinated to other forms of confrontation—silent conflicts, perhaps less visible and less violent than those dominating daily news coverage, yet with far-reaching consequences for contemporary societies. This raises a crucial question: is the comparative approach still valid and useful for economics today?

The answer is affirmative—indeed, the comparative method is arguably more relevant now than ever. Its purpose has become more fully articulated, extending beyond the mere comparison of economic systems to encompass a broader methodological sensitivity essential for grasping nuance, heterogeneity, and institutional specificity. “Comparative” no longer refers solely to the objects of analysis but increasingly denotes an approach—a way of observing and interpreting economic phenomena from multiple perspectives that transcend country-specific frameworks. In a rapidly changing world, where dominant paradigms may be overturned within short periods of time, comparison refers primarily to methodology rather than to fixed categories of systems (Ramello, 2016).

This methodological stance is far from new. It reflects a long-standing intellectual sensitivity to observing one’s surroundings without preconceived notions and to recognizing subtle differences. In his poem *The English Flag*, Rudyard Kipling famously asked, “What should they know of England who only England know?”—a concise expression of an idea articulated nearly a century earlier by Jean-Jacques Rousseau, who warned against the myopia of those unable to think through contrasts and comparisons. To compare, first and foremost, means to free oneself from ideological paradigms and to capture the essence of phenomena in their specific characteristics. It entails setting aside the agenda of demonstrating the superiority of one system over another, in order to identify distinctive features, strengths, and weaknesses across different institutional arrangements.

Scholars deeply rooted in stable and resilient institutional environments may be less sensitive to variation or may perceive it through lenses strongly shaped by their own reference frameworks. While this bias may have already affected comparative economics during the era of capitalism versus socialism, it arguably represents an even greater risk today for the social sciences more broadly. Contemporary research benefits from an unprecedented richness and accessibility of micro-level data—from big data to extensive longitudinal surveys—allowing analysis at levels of granularity approaching individual behavior. Yet increased data availability does not automatically translate into better understanding.

Indeed, observing a phenomenon does not necessarily imply comprehending it. On the contrary, individuals often distort what they observe in order to fit it into

familiar cultural or analytical categories. This type of bias is particularly resistant to correction and economics often tends to endorse this attitude. Becoming aware of it, hence, constitutes a crucial first step toward fully exploiting the potential of the comparative method, which properly handled remains one of the most powerful—if not the most powerful—tools for advancing the social sciences.

As Alan Macfarlane (2004, p. 94) insightfully notes, the work of any social scientist “is indulging in comparison all the time,” echoing Evans-Pritchard’s (1963, p. 3) assertion that “in the widest sense there is no other method.” This idea can be traced back to Durkheim, who maintained that explanation is only possible through comparison. Whether focusing on similarities or on differences and contrasts, comparison constitutes a fundamental and natural way of understanding social phenomena.

4. The comparative method

That said, comparisons can be conducted in different ways, and distinguishing among them is particularly relevant for economics. The most familiar approach—widely adopted in the literature—consists of “familiarizing the distant,” that is, studying institutional arrangements external to one’s own cultural background (Macfarlane, 2004). While this method is intuitive and valuable, it carries the risk of distorting analysis by forcing unfamiliar realities into familiar conceptual categories. In economics, this risk is especially pronounced, as the mere act of studying non-Western contexts is sometimes mistakenly equated with conducting genuinely comparative research.

This approach, often grounded in the paradigm of economic efficiency, has dominated both traditional and comparative economic analysis. While intellectually stimulating and methodologically rigorous, it does not necessarily entail a substantive shift in analytical perspective, as it applies the same evaluative framework to different empirical settings.

The true innovation of contemporary comparative economics lies elsewhere: in its capacity to analyze even a single object of study through a genuinely multifaceted lens, capturing diverse sensibilities by combining complementary research methods. Achieving this requires an additional comparative ability—what Macfarlane (2004) describes as “distancing the over-familiar.” Acting as a reverse telescope, this

perspective enables scholars to re-examine well-known phenomena from new vantage points. It is precisely this alternative paradigm that gives the comparative method its renewed relevance and transformative potential within the discipline.

From a contemporary perspective, a genuinely comparative approach increasingly consists in taking analytical distance and examining the role of multiple institutions within both national and international contexts, rather than merely juxtaposing geographically distant economic systems. The comparative method is, for example, the only effective tool for capturing the diversity and nuances among European countries and for identifying the conditions under which this group of nations might evolve into a coordinated and economically and politically relevant entity. The transition once attributed primarily to formerly socialist countries is, in reality, a process that characterizes all nations and their transformations—especially when such transformations are expected to lead toward an integrated political framework and an integrated economic system.

Recent developments in Europe for example are contributing to the emergence of a new political and economic geography whose trajectory remains, for the time being, uncertain.

Brexit, formally completed in 2020, has partially reshaped the institutional and economic configurations of both the United Kingdom and the European Union. Beyond its measurable negative effects on trade intensity and migration flows between the UK and the EU, Brexit has also altered the strategic environment in which European states operate. It has reinforced the salience of national sovereignty in economic governance and highlighted the political costs associated with deep economic integration.

More broadly, the European Union continues to confront structural constraints in its evolution toward a fully integrated political and economic union. These constraints do not primarily reflect the absence of a coherent institutional blueprint. Rather, they emerge from the tension between supranational integration and national political accountability. Centrifugal forces are rooted in persistent heterogeneity across member states—not only in economic structures and fiscal capacities, but also in legal traditions, social models, and political cultures. Such diversity generates distributional conflicts and asymmetric adjustment costs, which complicate collective decision-making and hinder

movement toward a more federal configuration often described as a “United States of Europe.” Immigration policy provides a particularly revealing case of this structural tension. While important forms of supranational coordination have been developed—especially in border management and asylum procedures—the governance framework remains uneven and politically contested. The New Pact on Migration and Asylum adopted in 2024 strengthens coordination in reactive strategies, notably the externalization of border control and burden-sharing mechanisms. However, decisions concerning labor migration, integration policies, and access to welfare systems remain largely within national competence.

Recent data indicate that in 2023 approximately 4.3 million immigrants from non-EU countries entered the EU (about 18% fewer than in the previous year), while around 1.5 million individuals moved across member states under free-movement rules. Yet these aggregate figures mask a fundamental political-economy divergence: although European labor markets display structural needs—particularly in aging societies—there is no fully integrated EU-wide migration policy strategically aligned with common labor market objectives. Instead, migration governance reflects the interaction between supranational coordination on control and national discretion over economic incorporation. In this sense, immigration policy exemplifies a broader pattern of “partial integration”: economic interdependence deepens, while political authority remains fragmented.

5. The meaning of the comparative method: The example of judicial systems

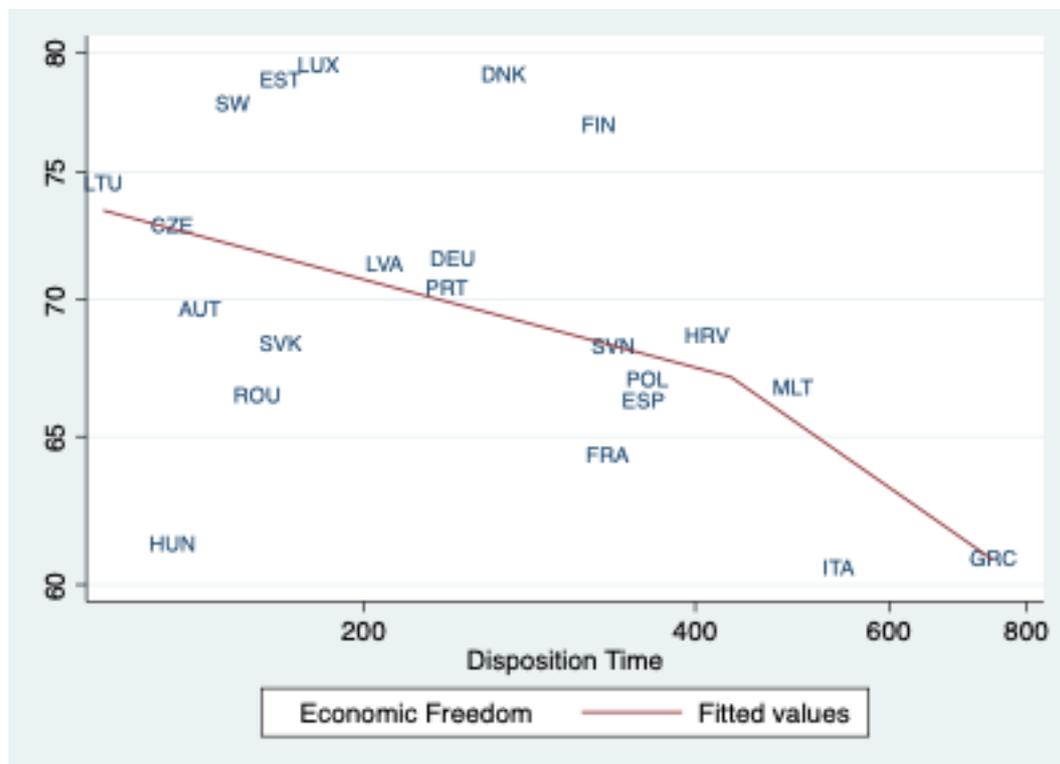
The ability to understand the nature of differences, and the conditions under which they may be addressed, is for example a necessary step toward being able to advance the European integration project. This highlights that the comparative method cannot be reduced to the comparison of superficial elements such as headline economic indicators. A meaningful comparative assessment requires careful attention to the institutional, cultural, political, and historical foundations within which economic processes unfold.

For example, stronger output growth in a given system provides limited insight unless it is evaluated in relation to its sustainability, its distributive implications, and the

broader social and political costs it may entail. Comparative analysis therefore extends to the examination of property rights regimes, regulatory and legal infrastructures, labor market institutions, and the scope and form of public intervention (Bosio, 2025; Martín-Román et al., 2025). These elements critically shape economic outcomes and determine how different models function in practice. Appreciating such contextual dimensions is essential for evaluating the relative performance and suitability of economic systems across diverse national settings.

Within this perspective, institutions that underpin market functioning deserve particular attention. Among the many possible examples, courts stand out as one of the pivotal institutions of democratic societies, playing a central role not only in safeguarding individual rights but also in ensuring the credibility and enforceability of market transactions. There is broad consensus in the scholarly literature that effective contract enforcement and the protection of property rights constitute necessary conditions for economic development (Djankov et al. 2025; Falavigna et al., 2025).

Figure 1: Correlation between length of civil judicial trial and economic freedom in EU



Source: elaboration on CEPEJ and Heritage Foundation data

The scatterplot in Figure 1 simply shows the correlation existing in European Union countries between the length of civil judicial trial (disposition time) as provided by the European Commission for the Efficiency of Justice (CEPEJ) and the Economic Freedom index as measured by the Heritage Foundation. It is quite evident that judicial timeliness matters for the market; yet the phenomenon is not *per se* fully explained.

Although the figures indicate the presence of correlation, the dispersion of values—even within a relatively small and relatively homogenous geo-economic area—suggests that judicial outcomes may differ substantially across countries, often producing idiosyncratic results. Why is it so? Why the proximity or similarities in many respects do not end up in a similar behavior? ³

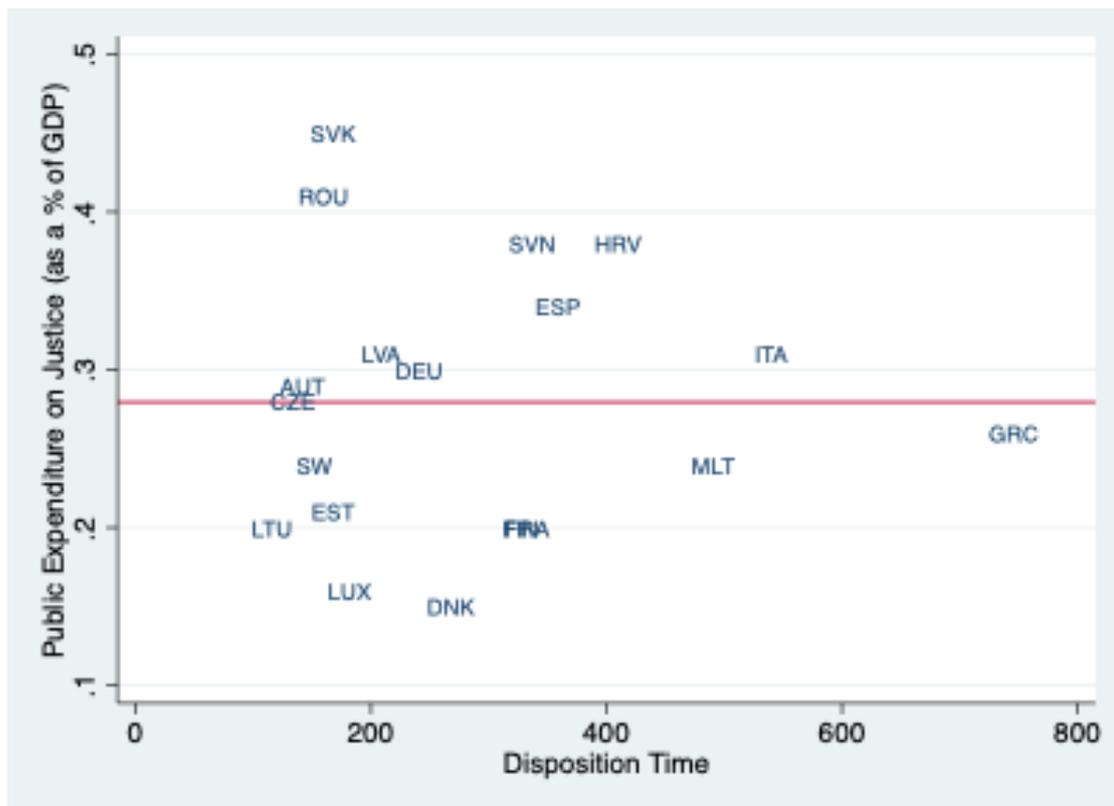
When the judicial system budget is considered (as a share of GDP), a striking observation emerges: there is not always a clear relationship between the resources devoted to justice and the effectiveness of the judicial system. This is what is depicted in Figure 2.

Taken together, these evidences suggest that judicial performance cannot be explained solely by the level of financial resources or tangible characteristics. ⁴ Rather, country-specific deeper institutional and structural factors appear to influence outcomes. Identifying these factors is essential not only for a comprehensive understanding of the phenomenon, but also for deriving sound policy implications and avoiding simplistic solutions, such as mechanically increasing public expenditure.

There is something more than all these elements explaining the differences and thus requiring a proper use of the comparative analysis.

³ The figure is intended for illustrative purposes only. The CEPEJ data are drawn from the 2024 report and refer to 2022, whereas the Heritage Foundation indicators correspond to 2025. It is worth noting, however, that year-to-year variation in these measures is generally limited. Moreover, one would reasonably expect the effects of judicial performance—such as the length of court proceedings—on perceptions of economic freedom to materialize with a time lag.

⁴ Although this issue cannot be explored in depth in this paper, it is worth emphasizing that these arguments also apply to countries that display very close similarities. Consider, for example, two countries sharing a closely related civil law tradition, such as France and Italy. Their similarities extend to many socio-economic factors; yet France spends approximately 0.20% of its GDP on the justice system, with an average case disposition time of 333 days, whereas Italy spends about 0.31% of GDP but underperforms, with an average disposition time of nearly 540 days.



Source: elaboration on CEPEJ

6. Final remarks

The case of the European judicial systems is emblematic. Despite broadly similar economic conditions, shared supranational legal frameworks, and common policy objectives, the performance of European judicial systems exhibits pronounced heterogeneity. Evidence from the CEPEJ documents wide cross-country variation in key outcome indicators such as the length of proceedings, court productivity, and the accumulation of backlogs (Falavigna et al., 2025). Importantly, these indicators describe observed performance differences rather than providing explanations for them. As such, the observed heterogeneity cannot be adequately accounted for by standard macroeconomic variables or by simplified measures of judicial “effectiveness” alone (Marciano et al., 2019). Instead, it calls for a comparative approach attentive to institutional design, legal traditions, procedural norms, and the broader political and social environments in which judicial systems operate and that makes the local result idiosyncratic.

This point is further reinforced when considering the relationship between resources and outcomes. Even within a shared European legal space and under comparable supranational constraints, judicial performance diverges markedly. As illustrated, similar levels of per-capita judicial expenditure may coexist with very different disposition times, while higher spending does not mechanically translate into faster adjudication. These patterns caution against treating aggregate inputs or headline efficiency metrics as sufficient descriptors of judicial performance. What ultimately matters is not only the volume of resources allocated to justice, but also the configuration of procedural rules, organizational structures, professional incentives, and the surrounding political and social context. In this sense, comparison should not be understood as a classificatory exercise, but as a methodological device for interpreting how institutional diversity generates heterogeneous outcomes.

While a substantial body of literature has examined the adverse effects of judicial inefficiency on economic variables and performance (Bosio, 2025), the harmonization of judicial systems—even within a relatively integrated area such as Europe—remains far from straightforward. The mere declaration of common objectives, or the allocation of additional resources, does not necessarily lead to improved performance or convergence across countries. Understanding why similar goals and comparable inputs yield divergent outcomes thus represents one of the central challenges for future research in comparative economics. If this holds for the judicial system, it can plausibly be extended to virtually all institutional arrangements and structural features across countries worldwide. This observation underscores the central importance of comparative inquiry and points to a rich and expanding research agenda for comparative method and comparative economics in the years ahead.

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