

PERSONAL STATEMENT
JONATHAN A. RODDEN

My academic career is focused on understanding how the geographic organization of politics influences political and economic outcomes, including fiscal policy, economic growth, ideological positions of parties, and the distribution of wealth across regions. Because federalism is a common feature throughout the world, my work on the topic has taken me to a diverse set of cases including the United States, the European Union, Germany, India, and Brazil. I began my career by focusing on how federalism operates, but I am increasingly drawn to more general questions about geography and politics. My work is relevant to democratic theorists and welfare economists who are concerned about the best way to structure politics from a normative perspective, and to policy practitioners who are currently designing constitutions and economic development packages.

My teaching and service emerge directly from my research interests. I have designed graduate and undergraduate classes in political economy and comparative politics. I have helped to provide for the educational commons in my department by teaching the largest class in our required undergraduate sequence, and at the Institute by serving on the HASS Overview Committee. My outside professional activities complement my research directly: I have given numerous talks in academic and non-academic settings, and have consulted with the World Bank, IMF, and the European Commission about federalism and fiscal policy.

I. Politics and Geography

Close observers of politics have long taken for granted that most democratic politics is closely tied to geography. The rise of new democratic states demands new attention to political geography since the most common institutional feature recommended for new democracies is federalism—a constitutional distribution of power based entirely on where people live. As authority shifts to lower-level governments and new federal constitutions are written, it is imperative that we revisit old assumptions—some centuries old—about how the geographic distribution of power in a society affects the wellbeing of its citizens. It is this general question that has served as my intellectual focus.

I started my career by focusing on federalism, largely because of its immediate policy relevance. This work opened my eyes to a variety of other, subtler ways in which political and economic geography affect the distribution of power and wealth in societies, pushing my research toward broader studies of geography and institutions of political representation.

Federalism and fiscal policy


My first research project was driven by a desire to understand the impact of federalism on the fiscal health of countries. Reaching back to Montesquieu and Madison, a robust intellectual tradition holds that federalism is better than unitary government because it is more accountable to citizens and therefore more efficient. Yet as federalism has spread



throughout the world, evidence has mounted that contrasts with traditional theoretical claims. My work is part of a revival of scholarship on federalism that has documented its variable performance and tried to specify the conditions under which it works well or poorly.

A basic difficulty with federalism became painfully clear in Argentina, Brazil, and Germany in the 1980s, when regional governments over-borrowed and triggered costly federal bailouts. The potential for a “soft budget constraint”—a situation in which a unit of government can escape the requirement that its budget be balanced in the long run—was also a crucial issue for the architects of the European Monetary Union. My work examines this problem in broad comparative context using theory, quantitative analysis, and case studies.¹

I argue that when a democratically elected central government dominates taxation and is highly involved in funding subnational governments, it cannot credibly commit to let the market take its toll at the local level in times of fiscal crisis or maladministration. It is the center rather than regional governments that will face the ire of voters and creditors in the event of local service disruptions or defaults. Knowing that the center will likely face incentives to bail them out in the future, troubled regional governments face weak incentives for fiscal discipline.

One way around this problem, implicitly assumed in much of the traditional literature on federalism, is a model exemplified by the United States. If subnational governments finance their own expenditures through autonomous taxation, they are viewed as fiscal “sovereigns” by credit markets and voters, who discipline them accordingly. But I show that this model is extremely rare and difficult to sustain—especially among recently decentralizing countries. Far more common is a variety of federalism in which decentralized service provision is funded by grants and loans from the central government. This model is associated with larger overall expenditures and deficits rather than the smaller, more restrained government predicted by traditional theories.² I show  deficits *can* be kept under control when the borrowing activities of transfer-dependent local governments are tightly controlled by the central government, as in unitary countries like Norway, but this model is often not an option in countries with powerful subnational governments and long traditions of robust local autonomy.

¹ Theory and cross-national quantitative analysis are pursued in “The Dilemma of Fiscal Federalism,” *American Journal of Political Science*. Case studies from around the world are presented in *Decentralization and the Challenge of Hard Budget Constraints* (MIT Press). This work culminates in a monograph entitled *Hamilton’s Paradox: The Promise and Peril of Fiscal Federalism* (Cambridge University Press).

² See “Reviving Leviathan,” *International Organization*.

⁶ *Hamilton’s Paradox*, “Beyond the Fiction of Federalism” (*World Politics*), and a working paper entitled “Creating a More Perfect Union.”

If an increasingly common type of federalism encourages fiscal indiscipline, can it be saved without reallocating basic fiscal powers? I argue that an integrated national party system can help by intertwining the political fates of local and national politicians.⁶ If voters use national party labels in a consistent way to evaluate policies, governors or senators who share the party label of the national chief executive face incentives to avoid taking actions that threaten the national economy.

My research on federalism and fiscal discipline has led me to a series of related topics, including the origins of different forms of federalism. For instance, I ask why expenditures and tax powers become more centralized in some countries than others,⁷ and why national and regional elections become more intertwined in some countries than others.⁸ A new paper—the first in a series of empirical studies funded by the National Science Foundation—uses historical data from eight federations to examine the responsiveness of local public expenditures to local business cycles.⁹ Additionally, I have written a pair of broad review essays that attempt to influence the direction of future research on the political economy of federalism.¹⁰

Finally, as I was attempting to understand the role of intergovernmental transfers in shaping the fiscal incentives of regional governments, it became necessary to take a step back and explain the logic through which the transfers were distributed. This distinct project contributes to a burgeoning comparative literature examining how the geographic distribution of power in legislatures shapes the distribution of expenditures in democracies around the world. For example, I show how the distribution of intergovernmental grants in Brazil is driven by the president's need to maintain a legislative coalition,¹¹ how legislative bargaining favors small, over-represented states in the European Union,¹² and how the transition from single-party dominance to a system of coalition bargaining has transformed the geographic distribution of resources in India.¹³ This work explains in a systematic way how political incentives lead governments to favor some regions over others, often misallocating resources in the process.

Geography broadly considered

Federalism is but one way to think about the geographic distribution of power and wealth in a nation. Over time my thinking about political geography has evolved from the relatively structured confines of federalism to broader topics in political geography that have fallen between the cracks separating economics, political science, and geography. Through my work on federalism and observations of recent electoral maps in the United States and elsewhere, I became impressed with the extent to which interests in societies

⁷ The final chapters of *Hamilton's Paradox*, "Globalization and Fiscal Decentralization" (in Kahler and Lake edited volume), and "On the Migration of Fiscal Sovereignty" (*Political Science and Politics*).

⁸ Joint project in progress with Erik Wibbels.

⁹ Joint paper with Erik Wibbels (under review).

¹⁰ "On Meaning and Measurement" (*Comparative Politics*) and a contribution to the *Oxford Handbook of Political Economy*.

¹¹ Papers with Marta Arretche

¹² "Strength in Numbers," *European Union Politics*.

¹³ Working paper with Steven Wilkinson.

are geographically arrayed. For instance, through a combination of survey research and examination of election results around the world since the 1800s, I have discovered that votes for the left—as well as preferences for left-wing economic policies—are often highly concentrated in cities and mining regions, while support for the right exhibits a more even geographic spread. My new research attempts to explain such clustering, and explore how the translation of interests into policies is shaped by common democratic practices like electoral rules and the drawing of electoral districts.

I argue that this perspective helps answer some lingering puzzles about why parties of the left have done badly in countries with small, single-member electoral districts like the United States and Canada, and quite well in countries—like those in Northern Europe—with large electoral districts and proportional electoral rules, and why the latter have much larger welfare states than the former. The industries that tend to produce leftist adherents are usually located in high-density corridors, meaning that in countries with small “winner-take-all” electoral districts, support for the left is inefficiently distributed in space because too many votes are “wasted” in cities. Under these conditions, parties of the left must either 1) receive a share of legislative seats well below their vote share, or 2) shade their platforms to the right in order to appeal to voters in districts outside the large cities.

These findings have broad-ranging policy implications for countries around the world with democratic elections and large urban populations. I intend to develop these arguments into a book manuscript while a residential fellow at the Center for Advanced Studies in the Behavioral Sciences at Stanford University next year.¹⁴ I have already explored some related issues in articles about the conditions under which U.S. governors and presidents are held accountable for local economic performance,¹⁶ and in an article about the roots of the “blue state/red state” phenomenon in American politics.¹⁷

II. Teaching

Of all the things I appreciate about MIT, the extraordinary students top the list. In my courses I attempt to harness their science skills and problem-solving inclinations and bring them to bear on a set of political and economic questions, while bolstering skills that are not often emphasized in their other classes. Above all, I push students to craft their own creative and compelling argument, evaluate it through appropriate empirical techniques, and convey the results through effective written and oral communication.

My approach is to get students excited about doing rigorous theoretical and empirical work by starting with interesting puzzles: Why did the Nazis come to power in Germany? Why does the United States have a smaller welfare state than European

¹⁴ See the proposal, “Red States, Blue States, and the Welfare State.”

¹⁶ “Economic Geography and Economic Voting” (*British Journal of Political Science*) and “Not in Kansas” (working paper), with Michael Ebeid.

¹⁷ “Purple America” (*Journal of Economic Perspectives*), with Stephen Ansolabehere and James Snyder.

countries? Why did South Korea grow so rapidly? Some of these puzzles emerge from my own research on geography and political institutions, and classroom discussions often influence my research agenda. A number of interesting dissertations have grown out of my graduate seminars, and I collaborate frequently with my students. In recent years I helped guide several undergraduates to top Ph.D. programs in economics and political science, and have served on 15 dissertation committees.

III. Service and Policy Impact

At the institute level, I am currently an active participant in the weekly meetings of the HASS Overview Committee and the smaller “HOC+” group that is in the process of recommending changes to the requirements that shape the undergraduate HASS experience. I have also served on the MIT foreign scholarship committee. Within the department, I have served on search committees each year, and on the personnel, undergraduate education, and graduate program committees. Twice I have co-chaired the department’s weekly seminar series, and in 2000 I organized a conference on European fiscal federalism.

Beyond MIT, I have had opportunities to influence debates on the design of fiscal institutions around the world. My work has been translated into Portuguese and Spanish, and I have traveled to Argentina and Brazil to contribute to debates about fiscal reform. My work is frequently cited in policy circles in these countries and India, where some of my work has been included in reports of the Finance Commission. I have worked as a consultant for the World Bank since 1998, where I have contributed to a variety of projects relating to fiscal decentralization. Most recently I have been immersed in debates about the architecture of fiscal federalism in Germany and Europe, where I travel frequently to consult with policy institutes, the European Central Bank, and the European Commission.