Research on the organization of democratic institutions is flourishing in the fields of economics and comparative politics. Students in both fields have rediscovered some of the questions and themes that occupied thinkers like Aristotle, Rousseau, and Madison. This course provides an overview of some classic and contemporary approaches to basic questions of institutional design in democracies, paying special attention to the relationship between democracy, public goods, redistribution, and economic growth.

We start by asking whether there is a link between democracy and economic growth. Our rather unsatisfying answer is that “it depends.” We discover that the relationship depends on whether institutions are able to solve a variety of basic problems, like public goods, coordination, collective action, and the tragedy of the commons.

After gaining some basic lenses and tools of comparative political economy, we take a closer look at types of democracies around the world. We explore the role of electoral institutions, cabinets, legislative organization, the relationship between executives and legislatures, and the roles of federalism and decentralization. We will address a variety of normative and positive questions about institutions, but one question will dominate: Under what conditions will democracies make policies that serve the “common interest” rather than the interests of small groups?

The third section of the course examines empirical evidence. In particular, we focus on the size of the public sector, fiscal performance, macroeconomic stability, inflation, and economic growth.

**Course Requirements**

- **Discussion (20% of Course Grade):** Students are expected to read all of the required readings each week and participate in discussions.

- **Short Essays (15% Each):** To facilitate discussion, each student will write a short “reading response essay” for two of the weeks. Each student will bring the essay to class along with copies for others and draw from it during the discussion. The essays should be around 2-4 pages in length.
  - **Essay #1:** Apply the theories and/or lessons of the week’s readings to a specific case. How well does the theory fit the case? What accounts for the shortcomings?
  - **Essay #2:** Write a critical or analytical essay on the week’s readings. A successful essay might be a critique of a theory or article, or it might pull out the key themes that link the readings together, highlight tensions between different authors or theories, or present evidence that contradicts or supports a key hypothesis. This essay should NOT be mere summaries of readings.

- **Final Paper (50% of Course Grade):** The final assignment, due at the end of the semester, is a 20 page analytical paper. The topic should be arranged with the instructor. For example, an essay might apply concepts or theories from the course to a country or pair of countries. Alternatively, students may choose to analyze quantitative data. Projects related to the student’s research are encouraged.
Readings

Most of the readings are available in the course packet (on reserve at Dewey Library). The others are from the following books, all of which will be available for purchase at the MIT Coop and/or the MIT Press Bookstore:


---

Feb. 5: *Introduction to the Course*

- Madison, James, *The Federalist No. 10*.

**BASIC THEMES AND CONCEPTS**


**Democratization**


Feb. 19: *Democracy and Growth I: Is there a Link?*

Feb. 26:  

**Democracy and Growth II**  
Institutions and Economic Performance (first hour)


**Cooperation, Public Goods, and the Commons (second hour)**


March 5:  

**How can Democracies Provide Public Goods?**

Majority rule?

- Shepsle and Bonchek, *Analyzing Politics*, chapters 3-7 and pages 192-94.


**Accountability and Representation**


**Delegation**


March 12:  

**Private Goods, Common Resources, and Pork**


A pair of case studies:


**TYPES OF DEMOCRACIES**

**March 19:**  *Majoritarian Versus Consensus Democracy and Veto Players*


**March 26:** Spring Break

**April 2:** No class (Good opportunity to catch up, reach ahead, write a short essay).

**April 10:**  *Federalism and Decentralization*


**April 16:**  *Executive-Legislative Relations*

  Read the following chapters and short excerpts:

  - Montesquieu, selection from *The Spirit of the Laws* (Chapter 2).
  - Madison, James, *The Federalist* Nos. 47, 48 (Chapter 3).
  - Hamilton, Alexander, *The Federalist* No. 70 (Chapter 4).
- Wilson, Woodrow, “Committee or Cabinet Government?” (Chapter 7).
- Laski, Harold J., “The President and Congress” (Chapter 8).
- Mainwaring, Scott, “Presidentialism in Latin America” (Chapter 13).
- Linz, Juan, “The Perils of Presidentialism” (Chapter 14).
- Riggs, Fred, “Presidentialism: A Problematic Regime Type” (Chapter 32).


PREFERENCES, INSTITUTIONS, AND OUTCOMES

April 23: Redistribution and the Welfare State

- Persson, Torsten and Guido Tabellini, Political Economics, Chapter 6.

- Alesina, Alberto, Edward Glaeser, and Bruce Sacerdote, “Why Doesn’t the United States Have a European-Style Welfare State?”


April 30: Comparative Politics and the Size of Government

Read carefully:

- Persson, Torsten and Guido Tabellini, Political Economics, Chapters 8-10.


Skim for arguments and findings


May 7: Geography and Redistribution


May 14: Multiple Veto Players: Consensus or Fragmentation?

The Benefits of Consensus


The Costs of Fragmentation


Some Evidence
