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. 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?

While an effort is made to cover some of the most basic contributions to the classic and more recent formal theory literature, the main goal of the course is to prepare students to do empirical work within and/or across countries using case studies and/or statistical analysis. The third section of the course examines empirical studies that flow from the theoretical contributions in the first two sections. In particular, we focus on the size of the public sector, fiscal performance, macroeconomic stability, inflation, economic growth, and redistribution. When addressing both theory and empirics, we will pay careful attention to the possible endogeneity of institutions, asking about social, demographic, international, and geographic factors that shape institutional design and stability.

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? How might the theory be extended or altered?
  - Essay #2: Write an 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. The student is expected to take a leading role in the discussion for the selected meeting.

- **Final Paper (50% of Course Grade):** The final assignment, due at the end of the semester, is a serious empirical paper. The topic should be arranged with the instructor; projects related to the student’s
research are encouraged. Students will give brief presentations of their work in progress at the final meeting.

Readings

Most of the readings are available on the course web page. The books are on reserve at the Dewey Library, and will be available for purchase at the MIT Coop, as well as at Amazon, etc.


Feb. 2: Introduction to the Course

- Madison, James, The Federalist No. 10.
- Persson, Torsten and Guido Tabellini, Political Economics, Chapter 1.

BASIC THEMES AND CONCEPTS

Feb. 9: Why government? Why democracy?


Democratization

- Acemoglu, Daron and James A. Robinson, Political Origins of Dictatorship and Democracy, Chapters 1, 4 – 8. Download from: http://www.cbrss.harvard.edu/events/encounters/encjan03.htm

Feb. 16: Democracy and Growth I: Is there a Link?

- Acemoglu, Daron and James A. Robinson, Political Origins of Dictatorship and Democracy, Chapter 11. Download from: http://www.cbrss.harvard.edu/events/encounters/encjan03.htm
Feb. 23:  

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


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


March 2:  

*How can Democracies Provide Public Goods?  
An Introduction to Voting, Majority Rule, and Interest Groups*

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


*Accountability and Representation*


*Delegation*


**TYPES OF DEMOCRACIES**

March 9:  

*Electoral Rules*


*Majoritarian Versus Consensus Democracy and Veto Players*
March 16  
**Executive-Legislative Relations**


**March 16**

  - 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).


**March 23:** Spring Break

**March 30:**  
**Federalism and Decentralization**


April 6: **Redistribution and the Welfare State**


April 13: **Comparative Politics and the Size of Government**

Read carefully:


Skim for arguments and findings


April 20: **Special Interest Politics and Pork**


*Geography, Representation and Redistribution*
April 27:  
**Multiple Veto Players: Consensus or Fragmentation?**

**The Benefits of Consensus**


**The Costs of Fragmentation**


**Some Evidence**


May 4: No meeting. Time to work on presentation.

May 11: Student Presentations