

Governance & the theory of the State for the 21st Century: An Economic Analysis

Prof. Eli Salzberger

Bayreuth, 16 May – 14 June 2022

Liberal democracy is in crises. Not only that the number of countries adopting it is falling (and indeed some countries are departing from it), it is also facing acute problems in the cradle and heartland of its success – the “western world”. Are we facing an end to liberal democracy as we know it? What system of government should replace it? What will replace it?

The aim of this seminar is to examine and evaluate the theory of the state (or, theories of self-governance) using the economic approach, based on a broad definition of such an approach.

The seminar will introduce the main relevant economic tools, theories and methodologies (especially *public choice* and *social choice*) and with your help it is meant to offer new insights regarding both positive and normative analyses of the state and political governance. It will contain several lectures, the reading materials for which are listed below, which are meant to prompt discussion and active participation, as well as group work on specific topics, the findings of which will be presented and discussed in class.

Final grade will be based on active individual and group contribution (40%) and a seminar paper to be handed by September 1st (60%).

All course material will be made available via the e-learning page of the course.

Detailed program, reading materials and topics for groups' projects

Class 1 (16.5 1200-1400 on Zoom) - informal introduction – people and substance

I will present the structure and substance of the course. You will be asked to shortly present yourselves.

Reading materials:

A New Law for Global Democracy, *Economist*, 9.2.2022
<https://www.economist.com/graphic-detail/2022/02/09/a-new-law-for-global-democracy>

Class 2 (17.5 1615-1745 on Zoom) - lecture and discussion

What is economic analysis? and some other basic concepts

Reading materials:

1. Eli Salzberger, The Economic Analysis of Law - The Dominant Methodology for Legal Research?!, 4 *Haifa Law Review* (2008) 207-235, can be downloaded from SSRN at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1044382
2. What's Gone Wrong with Democracy, *Economist*, 1.3.2014 <https://www.economist.com/essay/2014/02/27/whats-gone-wrong-with-democracy>

Class 3 (24.5 1615-1745 on Zoom) – lecture & discussion

Moral foundations – natural law, utilitarianism, wealth maximization and efficiency, the consensus principle

Reading materials:

1. “Natural Law” in The *Stanford Encyclopedia of Philosophy* - <http://plato.stanford.edu/entries/natural-law-ethics/> or in The *Internet Encyclopedia of Philosophy* - <http://www.utm.edu/research/iep/n/natlaw.htm>.
2. John Harsanyi, Morality and the Theory of Rational Behaviour, in Sen and Williams (eds.), *Utilitarian and Beyond* (1982), pp. 39-62 (the book is available online at Google books)
3. Jules Coleman, *Markets, Morals and the Law* (CUP 1988), Chs. 3 and 4. (the book is available online at Google books)

Class 4&5 (31.5 1615-1945, Room: tba) - lecture & group presentation

- I. The moral and political philosophical foundation of liberal democracy – the social contract theories of the state and economic analysis (group I)

Reading materials:

1. Thomas Hobbes, *Leviathan* (1651), Chs. 13, 14, 17, 18, 26 (the book can be found online on Google books).
2. John Locke, *Two Treatises of Government*, Book II (1689), Chs. 2, 3, 4, 7, 9, 10 (the book can be found online on Google books)
3. Jean-Jacques Rousseau, *On The Social Contract* (1762), Chs. 1-8 (English translation of the book can be found online on Google books)

II. The foundation of the USA: the federalist papers from an economic analysis perspective (group 2)

Reading materials:

Alexander Hamilton, James Madison and John Jay, *The Federalist Papers*, 9, 10, 51, 62, 78 (the book can be found online on Google books)

Class 6&7 (1.6 1615-1945, Room: tba) – lecture and discussion

I. Public choice and collective action

Reading materials:

1. Allan Feldman and Roberto Serrano, *Welfare Economics and Social Choice Theory* (2nd ed. 2006), Chs. 1, 12, 13 (The book can be found online on Google books)
2. Dennis Mueller, *Public Choice III* (2003), Chs. 4, 5, 7. You may skip the technical parts (the book can be found online on Google books)

II. Interest group theory

Reading materials

1. Daniel Farber and Philip Frickey, *Law and Public Choice* (1991), Chs. 1-3 (the book can be found online on Google books)
2. Sam Pletzman, Towards a More General Theory of Regulation, 19 *Journal of Law and Economics* (1976) 211 available online at <http://www.jstor.org/stable/725163>

Class 8&9 (2.6 1215-1700, Room: tba) lecture & group presentations

I. The effects of contemporary technology on the traditional theory of liberal democracy (group 3)

Reading materials:

Niva Elkin Koren and Eli Salzberger, *Law, Economics and Cyberspace* (2004), Ch. 10

II. Positive analysis of the state, constitutional law, public law and institutions

Reading materials:

1. Geoffrey Brennan and Alan Hamlin, *Democratic Devices and Desires* (2000) Chs. 2, 9, 11, 12.

2. Eli Salzberger. A Positive Analysis of the Doctrine of Separation of Powers, or Why Do We Have an Independent Judiciary, 13 *International Review of Law and Economics* (1993) 349
3. Stefan Voigt and Eli Salzberger, Choosing Not to Choose: When Politicians Choose to Delegate Powers, 55 *Kyklos* (2002) 289

Class 10&11 (3.6 1215-1700, Room: tba) – lecture & group presentation

- I. The effects of contemporary technology on positive analysis of politics and governance (group 4)

Reading materials:

Niva Elkin Koren and Eli Salzberger, *Law, Economics and Cyberspace* (2004), Ch. 8&9

- II. Empirical aspects

Reading materials:

1. Eli Salzberger and Paul Fenn, "Judicial Independence: Some Evidence from the English Court of Appeal", 42 *The Journal of Law and Economics* (1999), 831-847.
2. Stefan Voigt, Empirical Constitutional Economics: Onward and Upward? *Journal of Economic Behavior & Organization*, March 2011

Class 12 (14.6 1615-1745 on Zoom) – group presentation and general discussion

- I. Analyzing the German system of government through an economic perspective (group 5)
- II. Conclusions: theory of governance for the 21st century

Accreditation

Note that this is a replacement course for Governance & 'Politik', which is not offered in this summer semester.

Economics (MA):

Modul Area Specialization „Governance“: Governance, Competition & Social Development

Modul Area: Individual Focus

IWG:

Modulbereich c (Vertiefung): Spezialisierung „Governance & Public Management“

Modulbereich: Individueller Schwerpunkt

P&E (MA):

Modul Area: Specialization

Responsible Student Assistant for the Course

All requests regarding the course should, in the first instance, be addressed to:

- Clara Immler:

E-mail: clara.immler@uni-bayreuth.de