

Property Rights and Political Consensus

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ABSTRACT

This article looks at the institutional mechanisms used to balance divergent interests within a society. It develops and tests a theory on the relationship between electoral and government configurations, on the one hand, and the degree of protection of property rights, on the other. Countries have developed mechanisms of collective decision-making which differ in the degree of agreement or consensus needed. This article proposes a negative relationship between the number of institutions of consensual decision-making and the degree of property rights protection. Evidence on sample of 63 democratic countries suggest that those with less consensus-oriented, that is, more majoritarian institutions of collective decision-making score higher on measures of property rights protection. The hypothesized collective choice explanation of cross-country differences in property rights protection is contrasted to the legal hypothesis arguing that Anglo-American common law tradition is superior to Continental-European civil law tradition in property rights protection. The evidence suggests that the proposed collective choice explanation fits the data better than the legal explanation.

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