

Preface

To those who live under tyranny, democracy is an ideal worth fighting for. Many people strive to establish democracy in their own country; equal voting and agenda-setting rights, separation of powers, civic liberties such as freedom of speech and the right to form political parties, appeal to an elementary sense of justice. Democracy distributes decision power equally among citizens, regardless of wealth or education, through the right to vote. As a matter of fact, democracy is the only form of government that can make citizens the owners of their state and can sustain high standards of living.

Yet, democracy-born citizens, who are used to its benefits, sometimes barely acknowledge its existence and do not exercise their right to vote. Although many are putting their life at risk to obtain this right, those who live in a democracy might—if asked—even underline its failures rather than its benefits. These inefficiencies are worth exploring, and have been studied for many decades now.

In this successor of *Designing Democracy*, which was published in 2005, we follow an unexplored route: Are there new forms of democracy that can overcome current shortcomings and achieve higher welfare than the ones of existing democracies? We will present a set of improvements for democracy that have the potential to foster the voters' trust in their own power of decision, and ultimately, in democracy itself. This trust, in turn, could revive the citizens' interest and might improve welfare.

This book is divided into two parts: In the first part, *Contractual Democracy*, we assess those inefficiencies of democracy that depend on the politicians' behavior after their election to office, and suggest to control this behavior through contracts that define rewards and punishments for the office-holders' actions and foster the selection of able office-holders. We show that a judicious linking of such contracts to elections may alleviate a wide range of inefficiencies, while complying with the fundamental principles of democracy.

In the second part, we address the decision process itself, assess possible inefficiencies and present *New Rules for Decision-making and Agenda-setting* that have the potential to yield socially desirable outcomes. Among other rules, we examine flexible majority rules, according to which the size of the majority required to make

a decision depends on the contents of the proposal. Another rule we examine is the minority-voting rule that requires that only losers from a first vote on a project decision can determine its financing scheme. Moreover, we explore how proposal-making can be channeled in such a way that it yields socially optimal proposals. Finally, we briefly describe new ideas for voting rules, such as *History-bound Reelections*, *Assessment Voting*, and *Co-voting Democracy*.

When *Designing Democracy* was published, the chances and limits of our research could not be fully estimated yet. But since 2005, our ideas have been widely discussed—a sign that democracy is alive and that its improvement is not only possible, but possibly desirable for society. Thus, we have expanded the scope of our work to include unpublished working papers in this second book on democracy. They complement and support the issues we discussed in *Designing Democracy*, so that *Redesigning Democracy* now offers insights into more than a decade of policy research.

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