

Abstract

This thesis is a collection of four papers approaching different issues of political economy from the perspective of the Virginia school.

The first paper is an analysis of the *liberum veto*, the unanimity voting rule used in Polish-Lithuanian Republic. It claims that unanimity was an answer to the religious heterogeneity of the Republic and to the fact that rights of the minorities were not protected by credible constitutional provisions.

The second paper discusses the failure to democratise and the demise of the Austro-Hungarian Empire. Contrary to the popular wisdom which emphasises the military defeat of the Empire, it argues that the nationality question played an important role in its fall. The failure of the monarchy to decentralise was the main reason which induced ethnic minorities to seek remedies which brought about the collapse of the dual monarchy.

The third paper seeks parallels between the political thought of Frank Knight and Jürgen Habermas. We argue that in several important respects, Habermas behaved as a Knightian and can be considered as being very close to the Knight-Buchanan-Rawls line in normative political economy.

The fourth paper is a discussion of transparency in modern economics. The central argument of the paper is that the incentive structure of economics can induce nontransparent behaviour, which can, in turn, lead to undesirable outcomes. We illustrate our argument on the example of empirical macroeconomics, which is increasingly having recourse to calibration instead of standard methods of testing hypotheses.