

PHILOSOPHY, POLITICS,
AND ECONOMICS

An Anthology

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What did Charlotte decide? Did they drop out of the game? Of course not. True, spending city money to win pretty much the same amount of federal money makes little sense economically. But it makes a lot of sense politically. As long as politicians are able to claim credit for bringing new federal spending to their state, district, or city, it doesn't matter that each dollar "won" actually cost 30 cents, or even \$1.20. On August 1, 2005, a story was published in the *Charlotte Observer*:

WASHINGTON, DC—Senator Richard Burr today announced \$8,329,494 in United States Department of Housing and Urban Development (HUD) grants for the City of Charlotte. The funds will expand affordable housing and emergency shelter to the and sick and extend home ownership opportunities to low-income and minority households.

Homeless, sick, low-income, and minority households? Who could object to that? Besides, it's free money! Isn't it?

JAMES BUCHANAN

How Can Constitutions Be Designed So That Politicians Who Seek to Serve "Public Interest" Can Survive and Prosper?

1993

Distributional politics in modern democracy involves the exploitation of minorities by majorities, and as persons rotate membership, all parties in the "game" lose. This result emerges only because differences in treatment are permissible. If the principle

James Buchanan, "How Can Constitutions Be Designed So That Politicians Who Seek to Serve the "Public Interest" Can Survive and Prosper?" *Constitutional Political Economy* 4 (1) (1993): 1-6. By permission of Springer.

NOTE

1. The full passage is this: "The great security against a gradual concentration of the several powers in the same department, consists in giving to those who administer each department the necessary constitutional means and personal motives to resist encroachments of the others. The provision for defense must in this, as in all other cases, be made commensurate to the danger of attack. Ambition must be made to counteract ambition. The interest of the man must be connected with the constitutional rights of the place. It may be a reflection on human nature, that such devices should be necessary to control the abuses of government. But what is government itself, but the greatest of all reflections on human nature? If men were angels, no government would be necessary. If angels were to govern men, neither external nor internal controls on government would be necessary. In framing a government which is to be administered by men over men, the great difficulty lies in this: you must first enable the government to control the governed; and in the next place oblige it to control itself. A dependence on the people is, no doubt, the primary control on the government; but experience has taught mankind the necessity of auxiliary precautions."

or demogrants and (3) uniform regulation of all industries.

In a short paper, "Public Choice after Socialism" (1993), I argued that the structure of modern democratic politics is such that the "players," the participants in the distributional game among competing constituency agents, are effectively forced to behave as if they are exclusively motivated by narrowly defined or differential special interests. Political players who might seek to further some conception of an all-encompassing general, or public, interest cannot survive. They tend to be eliminated from the political game in the evolution-like selection process.

In this note, I want to extend this argument further by asking the question: How could the structure (constitution) of modern politics be changed so that it would allow players who might try to further a more encompassing interest to survive and prosper? Or, in other terms, how could the constitutional framework be reformed so that players who advance generalized interests are rewarded rather than punished. As indicated in the other paper, the response is clear. The distributional elements in the inclusive political game must be eliminated, or at least very substantially reduced. But I want here, to the extent possible, to go beyond this generalized statement, even if the argument remains highly abstract.

I want first to ask, and to answer, the basic question: Why does the game of distributional politics guarantee that players (legislators as agents for constituencies) adopt strategies that reflect the promotion of narrowly defined differential interests rather than the interests of the all-encompassing membership of the polity?

Let me introduce the familiar two-person, two-strategy symmetrical matrix construction with the ordinal payoffs shown in figure 1. The interaction is assumed to occur in a state of nature, with each person having available only the two private or independent courses of action indicated. The outcome in Cell IV emerges from the separate and independent actions of players A and B, each of whom chooses to defect (*d*) due to the row or column dominance in the structure of payoffs. Each of the two players succeeds in avoiding the role of sucker; each player avoids being exploited by the other, while recognizing that a

		B	
		c	d
A	c	I 3, 3	II 1, 4
	d	III 4, 1	IV 2, 2

FIGURE 1 Classic PD

higher payoff might be secured through mutual cooperation. But so long as no explicit means of coordination is available, a single player cannot, independently, achieve the cooperative outcome (*c, c*).¹

Collectivization of the activities described in the interaction may be recognized to be one means of securing the larger payoffs. The collective choice set includes the four possible outcomes: (*c, c*), (*c, d*), (*d, c*) and (*d, d*). And, while the mutually desirable outcome (*c, c*) may be attained, through collective action, an individual, independently, cannot protect against an exploitative result, (*c, d*) or (*d, c*), as is the case under autarchy. Unless collective choice operates under an effective rule of unanimity, the individual must be vulnerable to potential exploitation (Buchanan and Tullock 1962).

Consider a polity with many members, but with only two sets of orderings, such that any person can be represented by one or the other of the orderings shown ordinally in figure 1.² Collective action is assumed to be majoritarian, but no individual knows whether an effective majority coalition will be made up of persons with the A or B orderings. The outcome of the collective choice process will lie in either Cell II or Cell III, the off-diagonals in the matrix. Collective action is taken over a whole sequence of periods, and if we make the heroic assumption that membership is symmetrical among all participants, with each person holding equal prospects for membership in the majority and minority coalitions, the results will be "as if" the Cell IV payoffs are received, provided we make the assumption that distributional gains and losses are symmetrical in utilities. All persons will be dissatisfied with the distributional politics that they observe, and in which they are required to participate. Further, there may be a general recognition that any attempted escape

		B	
		c	d
A	c	3, 3	X
	d	X	2, 2

FIGURE 2 Diagonal Choices

from such politics by the emergence of a new ethics will be unlikely to succeed.

The direction of constitutional reform is obvious, even if we rule out the implementation of an effective unanimity rule. If, somehow, the off-diagonal solutions are simply made impossible to achieve by the introduction of some rule or norm that prevents participants from acting or being acted upon *differently*, one from the other, the off-diagonal attractors are eliminated and the players operate with the reduced matrix of figure 2. In this setting, each player, as a member of a political coalition, knows that any choice of an action or strategy must involve the *same* treatment of all players (constituencies). Differing treatments are not within the possible, given the constitutional constraints on the attainable set of possible outcomes.

The issues here are not, of course, nearly so simple as the analysis makes them appear. On the other hand, the directions for reform suggested by the extremely reduced abstract models should never be overlooked.

What the simple construction fails to suggest is that there may be many options that fall within the generalized ordinal solution in Cell I, and that there may be differential distributional consequences of these options. That is to say, the elimination of the off-diagonals may be less efficacious than the simple construction indicates. On the other hand, the normative thrust of the argument seems clear enough. To the extent that the political equivalents to the off-diagonal solutions to collective actions may be eliminated, the chances for the survival of encompassing interest as a political motive force are enhanced. The whole set of issues subsumed under the rent-seeking label can be viewed from this perspective as being generated by the potential for differential treatment.

As such differential treatment—the availability of the off-diagonals—is reduced, so is the inducement to rent-seeking behavior.

Note that, in figure 2, with the off-diagonals eliminated, the motivation for the actors (or their agents) need not reflect self or own interest at all. Individual A may, instead, choose to further the interest of B, and/or vice versa, without in any way modifying the result. Or, if we treat the payoffs as cardinal utility indicators, the substitution of some aggregative magnitude for individual differential interest as the effective objective for strategy choice leaves the result unchanged.

As indicated, however, even if we limit political action to the choice among options that affect all parties *generally*, there may be widely differing evaluations placed on the options that qualify under this rubric. And these differing evaluations may be in part distributionally motivated. Consider a proposal to enact a general law requiring scrubbers on smokestacks in order to improve air quality. The law is general because it applies equally to all smoke generating plants, regardless of location or type of product. But the congressional district that contains relatively more of these plants will be adversely affected, relative to other districts, by the general law. It will be harder for the agent representing such a district to evaluate such a proposed law in terms of some consideration of the encompassing general interest than for the agent whose district contains relatively fewer such plants. But, also, note that it will indeed be much easier, even for the agent who represents the district with relatively more smoke generating plants, to act in accordance with an interpretation of the encompassing interest in this setting than it would be in one in which the proposal is one that allows for particularized territorial or product-category exemptions from the scrubbers-on-smokestacks requirement. Any move toward generality in treatment embodied in political action opens up the prospect for the consideration of the more general interest and thereby shifts the focus from distributional politics.

Without making any attempt to be comprehensive, I shall simply present below a two-column classification of familiar political proposals, or features

Table 1
Examples

Toward Generality	Toward Particularity
LAW	
—equality in treatment of all persons	—special treatment for any group for any reason
TAXATION	
—broad based taxes —uniform rates of tax —absence of exemption —inclusion of all persons in a tax structure	—exclusion of voters from tax rolls —shelters, exemptions, exclusions, special treatment of sources and uses of tax base —differential rates of tax, as among persons, forms of organization, professions, locations, products or other classificatory bases
EXPENDITURES	
—collective consumption goods, with benefits coincident with whole territory of polity —fiscal federalism, or subsidiarity, financing by political authority coincident in inclusivity with program benefits —demogrants as transfer payments	—local public goods centrally defined
REGULATION OF INDUSTRY	
—environmental controls over whole economy —uniform tariffs on all imports —uniform subsidy for all industry	—differential control, by territory, by industry, by product, etc. —differential tariff or quota protection product by product —differential subsidization by product, territory or other base

of proposals, with the distinction made in accordance with the generality criterion. To the extent that the center of gravity in democratic politics can be shifted leftward in the table, the potential efficacy of leadership exercised on behalf of some version of the all-encompassing interest of all members of the polity is increased.

There is nothing new or novel in the normative argument advanced here. Indeed, the argument is at least as old as Sir Henry Maine's reference to liberal progress as moving "from status to contract." One of the basic flaws of the welfare state as it has burgeoned in this century has been its implicit failure to understand the dependence of effective democracy upon the equality of persons and groups before the law, and in politics. As and to the extent that politics

has come to be seen as the instrument for distributing the gains from collectivization *differentially*, the voices of those political leaders who would espouse the public or general interest are overwhelmed. Public choice theory models the behavior of those politicians who survive and prosper; public choice theory does not induce those politicians who might seek to do otherwise to behave sinfully or selfishly.

If a more wholesome ethics is to be introduced into the observed behavior of our politicians, and especially our legislators, it will be necessary to remake the constitutional structure. Distributional politics is viable and tends to become dominant to the extent that differential treatment is constitutionally permissible. Each and every step toward replacing differential treatment with equal treatment, or

generality, must measure progress toward achievement of the general interest.

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MICHAEL HUEMER

Why People Are Irrational about Politics

2015

1. INTRODUCTION: THE PROBLEM OF POLITICAL DISAGREEMENT

Perhaps the most striking feature of the subject of politics is how prone it is to disagreement—only religion and morality rival politics as a source of disagreement. There are three main features of political disagreements I want to point out: (i) They are very *widespread*. It isn't just a few people disagreeing about a few issues; rather, any two randomly-chosen people are likely to disagree about many political issues. (ii) They are *strong*, that is, the disagreeing parties are typically very convinced of their own positions, not at all tentative. (iii) They are *persistent*, that is, it is extremely difficult to resolve them. Several hours' of argumentation typically fails to produce progress. Some disputes have persisted for decades (either with the same principals or with different parties over multiple generations).

Michael Huemer, "Why People Are Irrational about Politics." By permission of Michael Huemer.

NOTES

1. My interest here is not in the prospect for cooperative strategies that might emerge in an iterated game between two players in the state of nature setting. My interest lies exclusively with the implications of the basic structure for large number interaction.
2. The players may be identical in preferences, in which case the different ordering of outcomes simply reflects different distributional effects.

This *should* strike us as very odd. Most other subjects—for instance, geology, or linguistics, or algebra—are not subject to disagreements at all like this; their disputes are far fewer in number and take place against a backdrop of substantial agreement in basic theory; and they tend to be more tentative and more easily resolved. Why is politics subject to such widespread, strong, and persistent disagreements? Consider four broad explanations for the prevalence of political disagreement:

- A. *The Miscalculation Theory*: Political issues are subject to much dispute because they are very difficult issues; accordingly, many people simply make mistakes—analogue to miscalculations in working out difficult mathematical problems—leading them to disagree with others who have not made mistakes or have made different mistakes leading to different conclusions.
- B. *The Ignorance Theory*: Rather than being inherently difficult (for instance, because of their

complexity or abstractness), political issues are difficult for us to resolve due to insufficient information, and/or because different people have *different* information available to them. If everyone had adequate factual knowledge, most political disputes would be resolved.

- C. *The Divergent-Values Theory*: People disagree about political issues principally because political issues turn on moral/evaluative issues, and people have divergent fundamental values.
- D. *The Irrationality Theory*: People disagree about political issues mainly because most people are irrational when it comes to politics.

Political disagreement undoubtedly has more than one contributing cause. Nevertheless, I contend that explanation (D), irrationality, is the most important factor, and that explanations (A) - (C), in the absence of irrationality, fail to explain almost any of the salient features of political disagreement.

2. POLITICAL DISPUTES ARE NOT EXPLAINED BY MISCALCULATION OR IGNORANCE

We begin with the two cognitive explanations—that is, theories that attempt to explain political disputes in terms of the normal functioning of our cognitive faculties. This is the most natural kind of explanation to look to, in the absence of specific evidence against a cognitive explanation.

Cognitive explanations, however, fail to explain the following salient features of political beliefs and political disputes:

a. The Strength of Political Beliefs

If political issues are merely very difficult, then we should expect most people to hold at most tentative opinions, or to suspend judgement altogether. This is what happens with other issues that are intrinsically difficult. If we have just worked out a very

complicated mathematical problem, we tend to hold at most tentative belief in the answer arrived at. If another, intelligent person reports having worked out the same problem and obtained a different answer, this shakes our confidence in our answer; we take this as strong evidence that we may be in error. But in political matters, people tend to hold their beliefs with great confidence, and to regard them as *not* very difficult to verify, that is, as *obvious*. Nor does the mere presence of another person with an opposing political belief typically shake our confidence.

The Ignorance Theory fares slightly better; since if people were ignorant, not only of the facts pertaining to the political issue, but also of their own level of ignorance, their confidence in their political beliefs would be understandable. However, it remains puzzling why people would be ignorant of their own level of ignorance—this itself calls for a further explanation. Moreover, the Ignorance Theory has difficulty explaining the following feature of political disputes.

b. The Persistence of Political Disputes

If political disputes had a purely cognitive explanation, we would expect them to be more easily resolvable. One party might point out to the other party where he had made an error in reasoning—a miscalculation—whereupon the latter person could correct his error. Or, in case the two parties have different information available to them, they could simply meet, share their information, and then come to an agreement. Although partisans of political disputes *do* commonly share their reasons and evidence with each other, the disputes persist.

c. The Correlations of Political Beliefs With Non-Cognitive Traits

People's political beliefs tend to correlate strongly with their race, sex, socioeconomic status, occupation, and personality traits. Members of minorities are more likely to support affirmative action than white men are. Members of the entertainment industry are