Philosophy, Politics, and Economics

An Anthology

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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 be 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 people. 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, never fear on internal controls on government would be necessary. In framing a government whereby it 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."

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, parties all in the "game" lose. This result emerges only because differences in treatments are permissible. If the principle of generality (analogous to that present in an idealized version of the rule of law) could, somehow, be introduced into politics, mutual exploitation could be avoided. The analysis offers support for such policies as (1) flat-rate taxes, (2) equal per head transfers to or democrats 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 seek to further some conception of an all-encompassing political, 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 of 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 policy?

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 rudder; each player avoids being exploited by the other, while recognizing that a 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).

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 anarchy. Unless collective choice operates under an effective rule of unanimity, the individual must be vulnerable to potential exploitation (Buchanan and Tollison, 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. Collective choice 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 disinterested 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
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 payoff as cardinal utility indicators, the submission 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 scrubbings 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 proposal in terms of some type of comprehensive general interest than for the agent whose district contains relatively fewer such plants.

As the process of delegating power to Congress and the states for the purposes of representing the general public the agents represent.

The issues here are not, of course, nearly so simple as the analysis makes them appear. On the other hand, the direction 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 1, 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.

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." Each 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 entrench 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 selflessly or selflessly.

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
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 players in the state of nature setting. My interest lies exclusively with the implications of the basic structure for large number interactions. The players may be identical in preferences, in which case the different ordering of outcomes simply reflects different distributional effects.

2. The players may be identical in preferences, in which case the different ordering of outcomes simply reflects different distributional effects.

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 cognitive explanation.

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

2. 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 beliefs 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. Not does the mere presence of another person with an opposing political belief typically shake our confidence.

The Ignorance Theory fairs 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