

# The Problem of Human Nature: Self-Interest, Factions, & Collective Action

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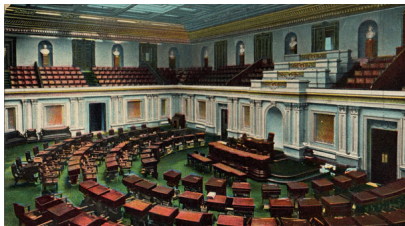


# "Madison's Republic" Model for U.S. Constitutional Design

## Meeting Agenda:

- 1 Revisiting Collective Action
- 2 Federalist 10: Problem of Human Nature
- 3 Proposed Solution in Federalist 10

# Revisiting Collective Action: Madisonian Edition



- ▶ Opening Question: **What is an example of a collective action problem in contemporary American political life?**
- ▶ How does Madison view collective action?
- ▶ Madison posits that citizens ***motivated*** by self-interest to organize & overcome collective action problems.
- ▶ No contemporary political scientist agrees with this assumption

## Problem in Madison's Own Words

### What is the public good?

"... break and control the violence of faction."

"The instability, injustice, and confusion introduced into the public councils have, in truth, been the mortal diseases under which popular governments have everywhere perished."

### What is "faction?"

"... number of citizens, whether amounting to a majority or a minority of the whole, who are united and actuated by some common impulse of passion, or of interest, adverse to the rights of other citizens ..."

## Cont. Problem According to Madison

### The fundamental problem of faction

- ▶ “Complaints are everywhere heard from our most considerate and virtuous citizens . . . that our governments are too unstable, that the public good is disregarded in the conflicts of rival parties, and that measures are too often decided, not according to the rules of justice and the rights of the minor party, but by the superior force of an interested and overbearing majority.”
- ▶ “These must be chiefly, if not wholly, effects of the unsteadiness and injustice with which with which a factions spirit has tainted our public administrations.”

What’s an example of “faction” and why does Madison see faction as a problem?

## Causes of the Problem

### Human Nature & Differing Opinions

“As long as the reason of man continues fallible, and he is at liberty to exercise it, different opinions will be formed.”

“The latent causes of faction are thus sown in the nature of man... a landed interest, a manufacturing interest, a mercantile interest, a moneyed interest, with many lesser interests, grow up of necessity in civilized nations, and divide them into different classes, actuated by different sentiments and views.”

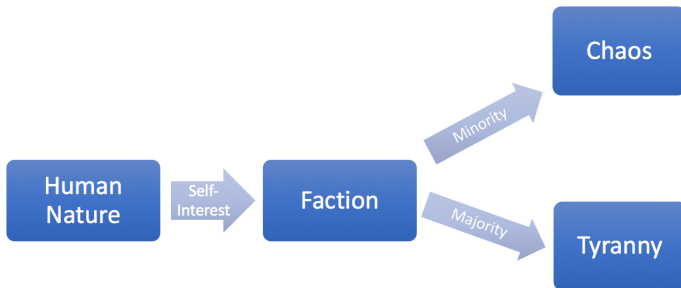
### Inadequacy of Removing the *Cause*

“It could never be more truly said than of the first remedy, that it was worse than the disease. Liberty is to faction what air is to fire”

“The inference to which we are brought is, that the **CAUSES** of faction cannot be removed, and that relief is only to be sought in the means of controlling its **EFFECTS.**”

# Formalization of Madison's "Problem"

## Casual Theory of Conflict in Madison's Federalist 10



- ▶ Where does factional conflict come from?
- ▶ What's the difference between chaos & tyranny?
- ▶ Is it possible to limit root cause of human nature?

## Solution According to Madison

### Controlling the *effects* of faction

“The regulation of these various and interfering interests forms the principal task of modern legislation, and involves the spirit of party and faction in the necessary and ordinary operations of the government.”

### *Pure* democracy as a solution?

“... pure democracy, by which I mean a society consisting of a small number of citizens, who assemble and administer the government in person, can admit of no cure for the mischiefs of faction. A common passion or interest will, in almost every case, be felt by a majority of the whole; a communication and concert result from the form of government itself; and there is nothing to check the inducements to sacrifice the weaker party or an obnoxious individual.”



# A Principal-Agent Model as the Solution

## Delegation (The *Republic*) as the Solution

“The regulation of these various and interfering interests forms the principal task of modern legislation, and involves the spirit of party and faction in the necessary and ordinary operations of the government.”

“A republic, by which I mean a government in which the scheme of representation takes place . . . the delegation of the government, in the latter, to a small number of citizens elected by the rest.”

## How does The *Republic* provide for the public good?

“. . . to refine and enlarge the public views, by passing them through the medium of a chosen body of citizens, whose wisdom may best discern the true interest of their country, and whose patriotism and love of justice will be least likely to sacrifice it to temporary or partial considerations.”

# Madisonian Foundation for *The Republic*

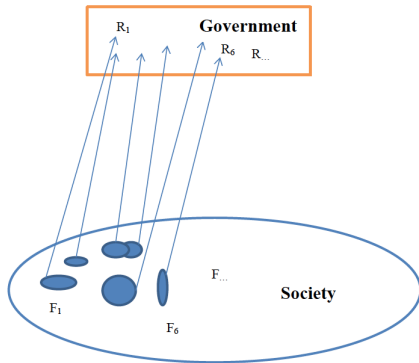
## Beware of Agency Loss Through Unwise Representatives

“... pronounced by the representatives of the people, will be more consonant to the public good than if pronounced by the people themselves, convened for the purpose. On the other hand, the effect may be inverted. Men of factious tempers, of local prejudices, or of sinister designs, may, by intrigue, by corruption, or by other means, first obtain the suffrages, and then betray the interests, of the people.”

## ↑ Size of Republic ↑ Transaction Costs of Government

“Extend the sphere, and you take in a greater variety of parties and interests; you make it less probable that a majority of the whole will have a common motive to invade the rights of other citizens; or if such a common motive exists, it will be more difficult for all who feel it to discover their own strength, and to act in unison.”

## Model of Society & Government in Federalist 10



- ▶ What are the advantages of a large society in this framework?
- ▶ Why would representatives “re-present” factional interests?
- ▶ How does this model, formalized here: Self Interest → Representation → Conflict square with Madison’s theory of conflict?

# Advantage of Representative Government

## Role of Electoral Competition in Screening Agents

In the next place, as each representative will be chosen by a greater number of citizens in the large than in the small republic, it will be more difficult for unworthy candidates to practice with success the vicious arts by which elections are too often carried; and the suffrages of the people being more free, will be more likely to centre in men who possess the most attractive merit and the most diffusive and established characters.

- ▶ Representatives have an incentive to be responsive to factions (districts) or risk being tossed out of office
- ▶ Districts are heterogenous in interests, creating conflict in legislature
- ▶ Model of Federalist 10: ↑ transaction costs ↓ conformity costs given cost of coalition building

## Key Points:

- ▶ Madison's assumption of citizens acting solely off of self-interest unrealistic
- ▶ However, factions do form and can be problematic to functioning society
- ▶ Solution: controlling effects of faction through representation
- ▶ Self-interest → Representation → Conflict
- ▶ What results from *The Republic* and the representative process is the public good
- ▶ Elections critical to make sure faction interests served well by representative
- ▶ Conflict inherently raises transaction costs to solving collective action problems