

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

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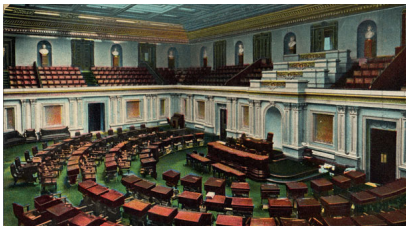


"Madison's Republic" Model for U.S. Constitutional Design

Meeting Agenda:

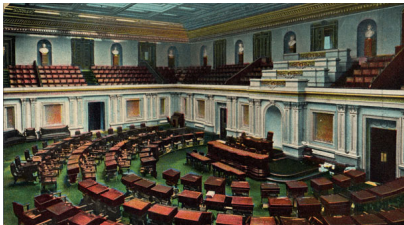
- 1 Revisiting Collective Action
- 2 Federalist 10: Problem of Human Nature
- 3 Proposed Solution in Federalist 10

Revisiting Collective Action: Madisonian Edition



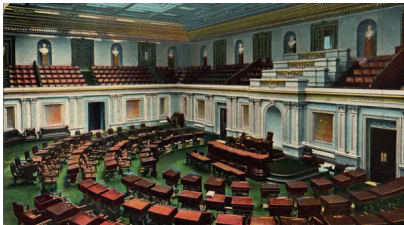
- ▶ Opening Question: What is an example of a collective action problem in contemporary American political life?

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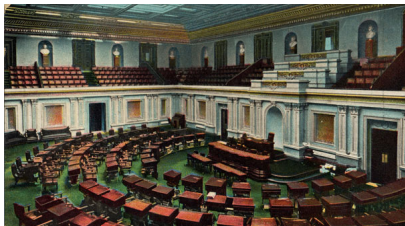
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- ▶ How does Madison view collective action?

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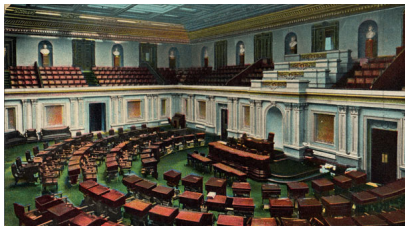
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The fundamental problem of faction

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

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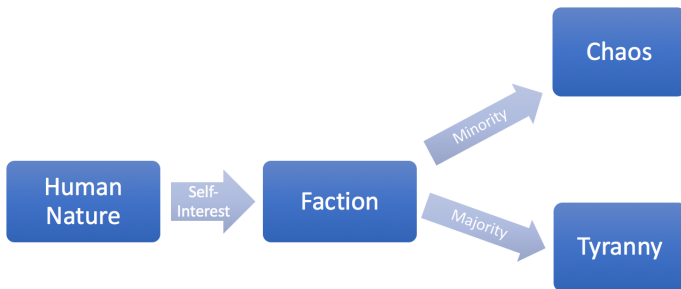
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“The inference to which we are brought is, that the **CAUSES** of faction cannot be removed, and that relief is only to be sought in the means of controlling its **EFFECTS**.”

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

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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

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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*

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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.”

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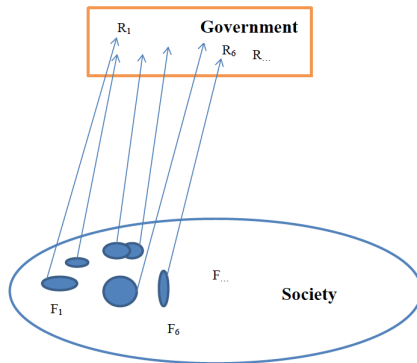
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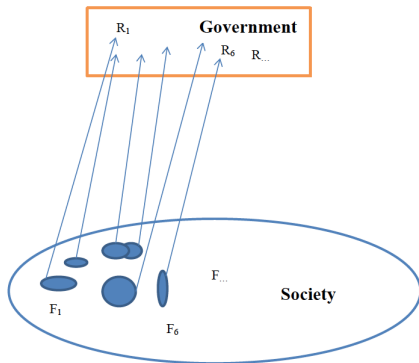
“Extend the sphere, and you take in a greater variety of parties and interests; you make it less probable that a majority of the whole will have a common motive to invade the rights of other citizens; or if such a common motive exists, it will be more difficult for all who feel it to discover their own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

Model of Society & Government in Federalist 10



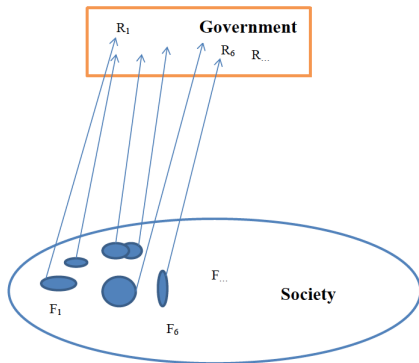
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- ▶ Why would representatives “re-present” factional interests?

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- ▶ 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

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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.

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- ▶ 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