

# Politics and institutions

MPA 612: Public Management Economics

April 16, 2018

Fill out your reading report on Learning Suite!

## The FÆDERALIST, No. 10.

*To the People of the State of New-York.*

**A**MONG the numerous advantages promised by a well constructed Union, none deserves to be more accurately developed than its tendency to break and control the violence of faction. The friend of popular governments, never finds himself so much alarmed for their character and fate, as when he contemplates their propensity to this dangerous vice. He will not fail therefore to set a due value on any plan which, without violating the principles to which he is attached, provides a proper cure for it. The instability, injustice and confusion introduced into the public councils, have in truth been the mortal diseases under which popular governments have every where perished; as they continue to be the favorite and fruitful topics from which the adversaries to liberty derive their most specious declamations. The valuable improvements of the American Constitutions on the popular

# Plan for today

Factions and republics

Small factions and public goods

Why should we care?

Current events

# Factions and republics

# The Federalist Papers



## Federalist #10

Factions = bad

Fix factions by removing their causes...

...or minimize their effects

Bigger republic = more competition = better

**“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 with each other.”**

## Problems with this argument

Constitutional system empowers minorities; provides veto points

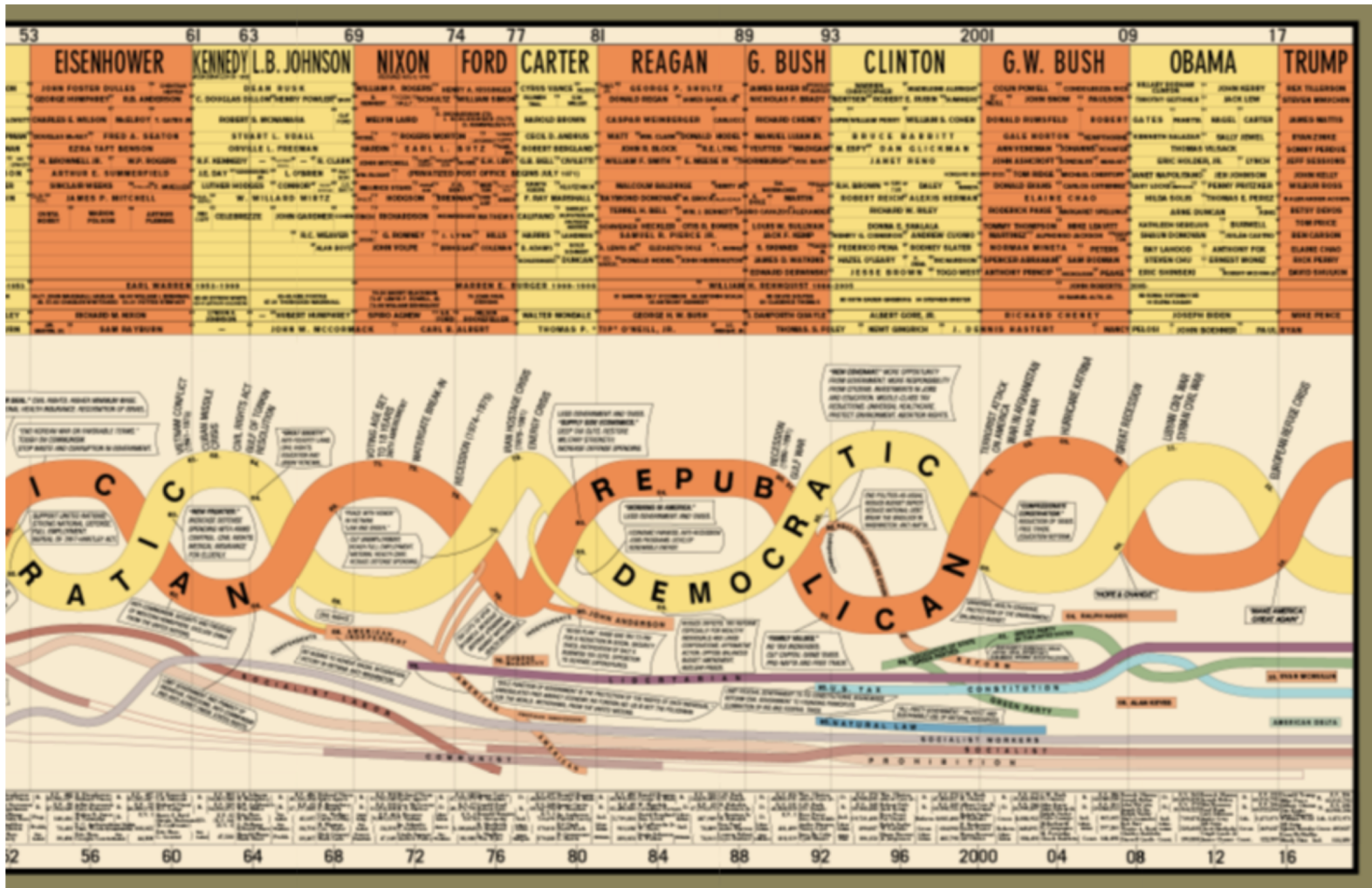
Pre-Bill of Rights

Assumes factions will never get big

Assumes multiparty system

Duverger's law: plurality-rule elections + single-member districts = two parties





<https://historyshots.com/collections/political-financial>



Left

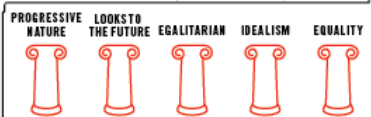
Right

GOVERNMENT

GOVERNMENT

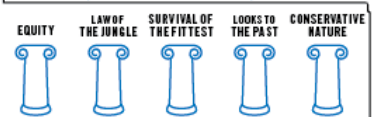
COMMUNIST LABOUR DEMOCRATS PARTIES

PARTIES REPUBLICAN CONSERVATIVE NATIONALIST



LIBERAL PROGRESSIVE

CONSERVATIVE TRADITIONAL



TRADE: fair trade  
SUPPORT: workers  
GOAL: personal freedom  
FOCUS: society

FOCUS: individual  
GOAL: economic freedom  
SUPPORT: employers  
TRADE: free trade

ECONOMY: regulated economy, business & industry = TAX AND SPEND

ECONOMY: de-regulated economy, business & industry = DON'T TAX AND SPEND

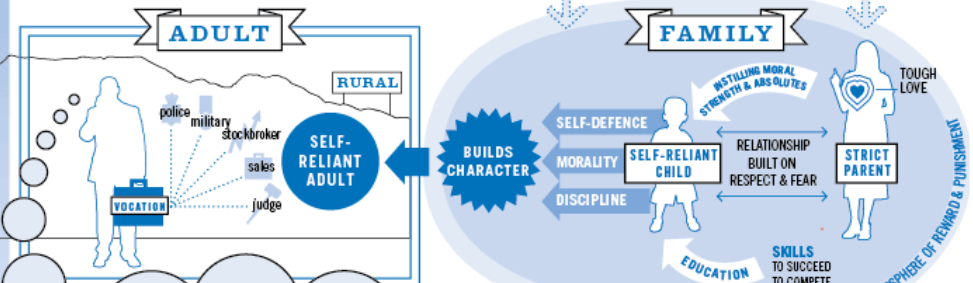
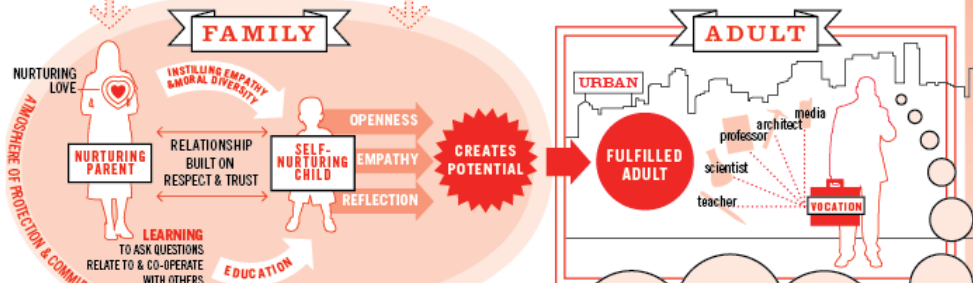


SOCIAL PROGRESS=EVOLUTION

SOCIAL PROGRESS=STATUS QUO

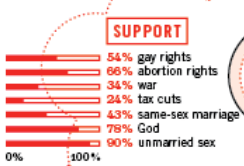
SOCIETY & CULTURE

SOCIETY & CULTURE



BELIEFS

BELIEFS



**EQUALITY** is a level playing field  
**FREEDOM** is freedom from power, abuse and inequality  
but which is best?  
**EQUALITY**

RELIGION: scientific, non-organized, unconventional  
RIGHTS: others must observe  
CRIMINALS: social and economic victims  
HOMELESS: downtrodden, victims of the system  
SOCIETY: "ONE FOR ALL AND ALL FOR ONE"

RELIGION: theistic, organized, conventional  
RIGHTS: others must not interfere  
CRIMINALS: choose to be criminals  
HOMELESS: no work ethic, no sense of shame  
SOCIETY: "SURVIVAL OF THE FITTEST"



**EQUALITY** is opportunity  
**FREEDOM** is the chance to achieve or fail  
but which is best?  
**FREEDOM**

VOTES FOR:

VOTES FOR:

- FAIRNESS
  - HELPING THOSE WHO CANNOT HELP THEMSELVES
  - POSITIVE ROLE MODELS
  - CHAMPIONS OF DOWNTRODDEN
  - DIPLOMACY
  - PACIFISM
- DOVES

- AGGRESSION
  - MILITANCY
  - UPHOLDING ORDER
  - HELPING THOSE WHO HELP THEMSELVES
  - STRONG ROLE MODELS
  - CHAMPIONS OF OPPORTUNITY
- HAWKS

GOVERNMENT

GOVERNMENT

**Minorities have inordinate power in democracies because of the dynamics of small groups**

CAVEAT: Minorities ≠ marginalized groups

Minorities *with access to political system* have inordinate power

Better term = interest groups

# Small factions and public goods

Public goods + political activity

## **Market failure**

Markets don't always allocate resources efficiently

## **Political “failure”**

Political behavior doesn't always allocate resources efficiently

# Why are groups/factions necessary?

“[I]ndividual, unorganized action will either not be able to advance that common interest at all, or will not be able to advance that interest adequately”

Mancur Olson, *The Logic of Collective Action*, p. 7

“Never doubt that a small group of thoughtful, committed, citizens can change the world. Indeed, it is the only thing that ever has.”

Margaret Mead

**Have you ever contributed to or volunteered in a national political campaign?**

Why did you donate or volunteer?

How much did you benefit personally from that donation or from the outcome?

How much did the group benefit from your work?



# Individual gains in large groups are essentially zero

Why would a rational, self-interested person donate to a campaign or join a union or support activist causes?

# Group interests = public goods

Achievement of goals =  
nonexcludable and nonrivalrous

“The achievement of any common goal or the satisfaction of any common interest means that a public or collective good has been provided for that group”

Mancur Olson, *The Logic of Collective Action*, p. 15

Free riding!

# Who supplies global order?

Pax Britannica

Pax Americana

Pax Sinica?

How does this make hegemonic powers feel?

**Have you ever contributed to a city-level (or lower!) political campaign?**

**Have you tackled a single issue with a city council?**

**You get individual benefits if you believe your marginal actions will lead to actual change**

Small groups can harness this

Benefits can be excludable

Little free riding = more power

(Madison was right!)

**How do large groups fix public goods problems (and stop free riding)?**

# Change individual calculus

## Coercion

Increase the costs of not acting

## Selective incentives

Increase the benefits of acting

<https://benefits.nra.org/>

## Federation

Make big group feel small

Governments?

Campaigns?

Unions?

Advocacy groups?

Nonprofits?

## **Coercion**

Increase the costs of not acting

## **Selective incentives**

Increase the benefits of acting

## **Federation**

Make big group feel small



# Why should we care?

Madison *wanted* big groups, after all...

**Small groups are powerful**

Madison's solution = use big groups

**The larger the group, the less it  
will further common interests**

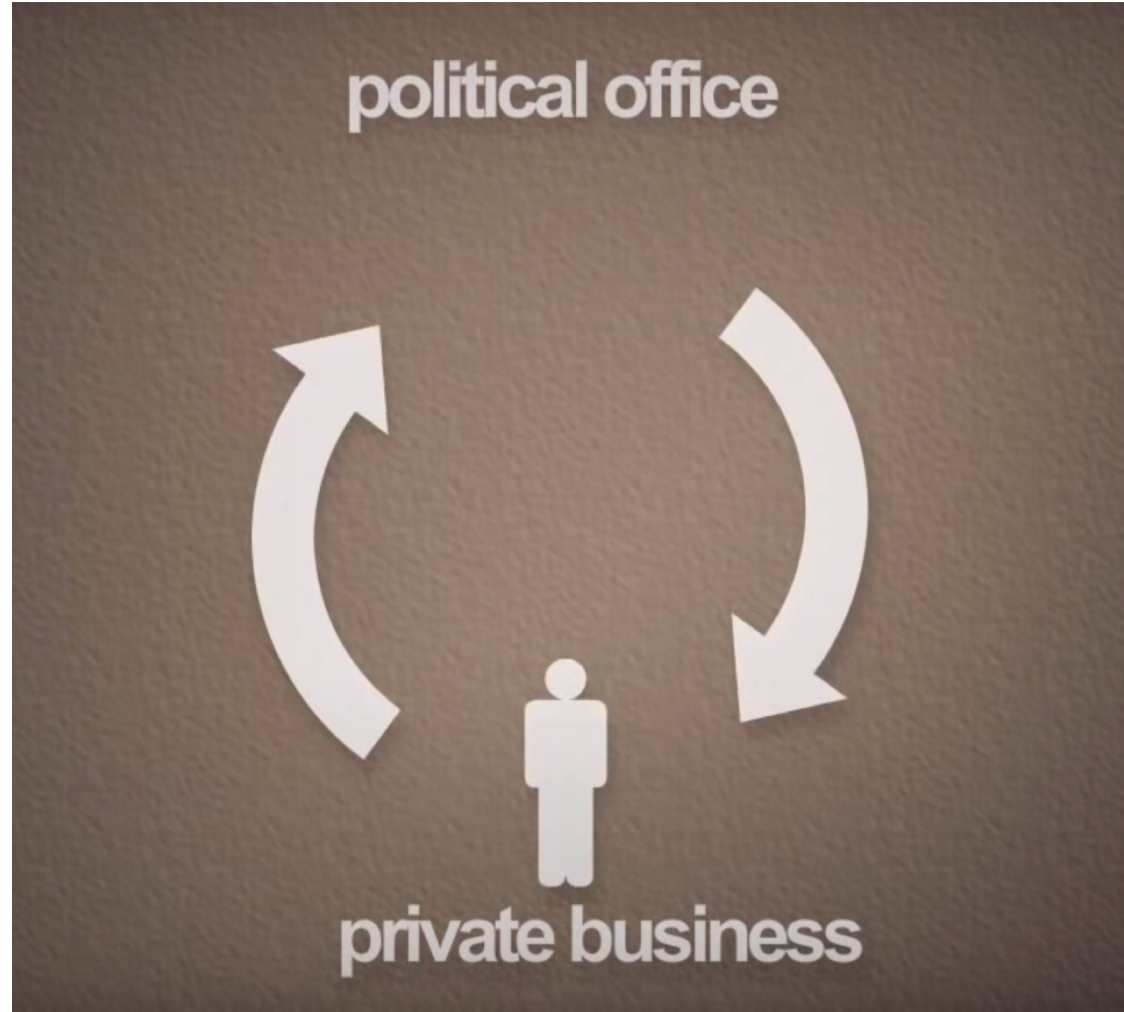
oh noes

## **Concentrated interest groups vs. large latent groups**

Narrow special interests and passionate minorities can unduly influence policy

Concerned citizens (even if passionate!) are stuck with free riders

# What do lobbyists do?





**John Boehner** ✓

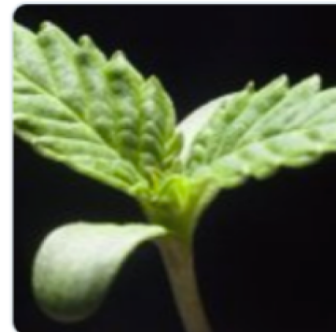
@SpeakerBoehner

Follow



I'm joining the board of [#AcreageHoldings](#) because my thinking on cannabis has evolved. I'm convinced de-scheduling the drug is needed so we can do research, help our veterans, and reverse the opioid epidemic ravaging our communities.

[@AcreageCannabis](#)








**News Release: Board of Advisors Appointment**

[acreageholdings.com](http://acreageholdings.com)

4:58 AM - 11 Apr 2018

 **Filing Taxes Could Be Free  
and Simple. But H&R Block  
and Intuit Are Still Lobbying  
Against It.**

     The makers of TurboTax and other online systems spent millions lobbying last year, much of it directed toward a bill that would permanently bar the government from offering taxpayers prefilled filings.

by **Jessica Huseman**, March 20, 2017, 1:22 p.m. EDT

# Who are politicians responsive to?

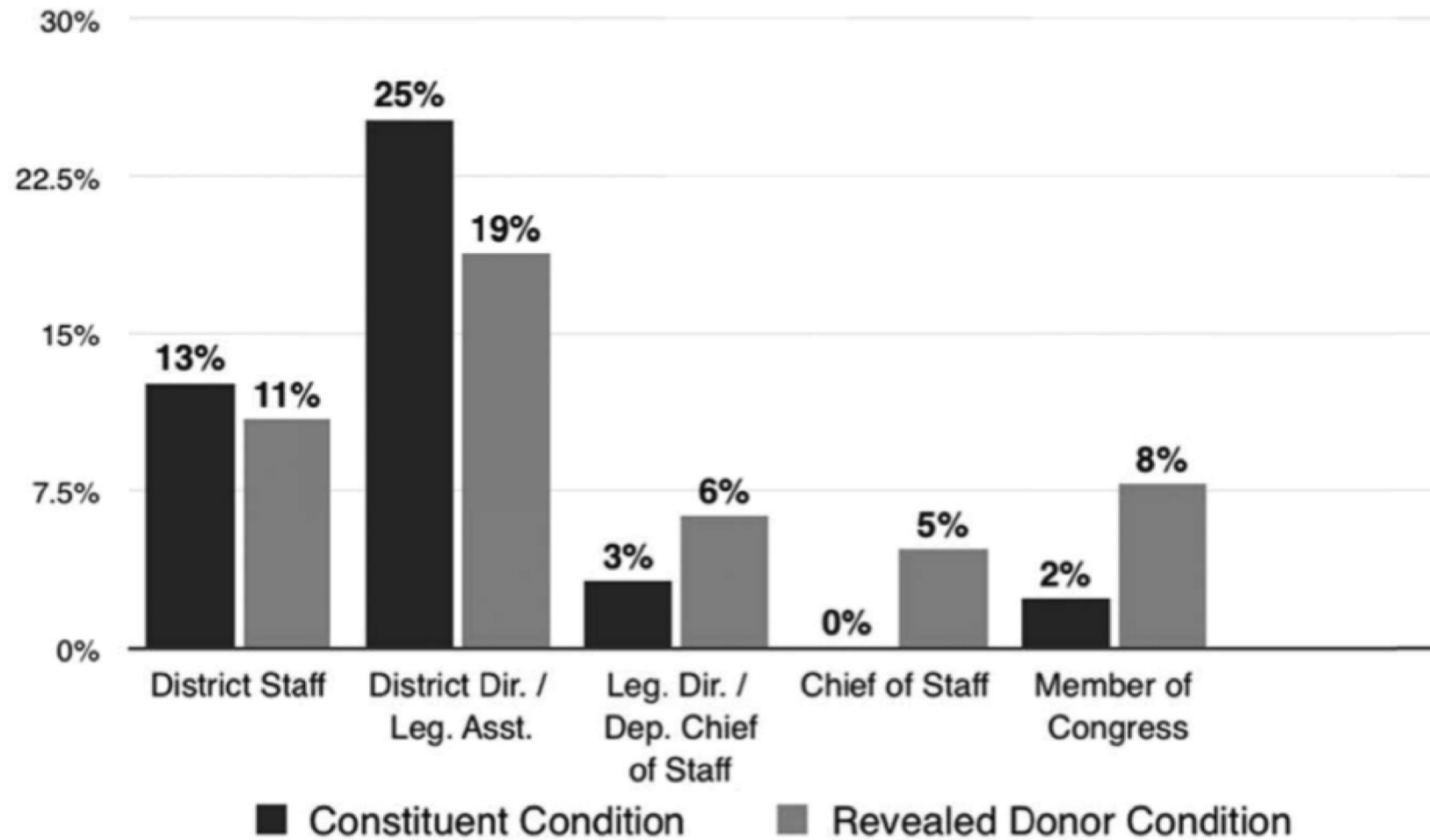


## Campaign Contributions Facilitate Access to Congressional Officials: A Randomized Field Experiment

**Joshua L. Kalla** University of California, Berkeley  
**David E. Broockman** University of California, Berkeley

*Concern that donations to political campaigns secure preferential treatment from policy makers has long occupied judges, scholars, and the public. However, the effects of contributions on policy makers' behavior are notoriously difficult to assess. We present the first randomized field experiment on the topic. The experiment focuses on whether contributions facilitate access to influential policy makers. In the experiment, a political organization attempted to schedule meetings between 191 congressional offices and the organization's members in their districts who were campaign donors. However, the organization randomly assigned whether it revealed to congressional offices that prospective attendees had contributed to campaigns. When informed prospective attendees were political donors, senior policy makers made themselves available between three and four times more often. These findings underscore concerns about the Supreme Court's recent decisions deregulating campaign finance.*

**FIGURE 1 Access Gained to Congressional Staffers, by Experimental Condition**





**Is it okay that small groups wield substantial power?**

**What can we do about it?**  
(or should we do anything about it?)

**What does this mean for democracy?**

**What does this mean for public administration?**