Institutional Sources of Political Dysfunction: 
Underappreciated Maladies of the 
Political Commons

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Abstract: In this paper I offer a novel interpretation of the challenges posed by ‘constitutional drift’—the tendency for de facto political procedures to alter when these procedures no longer are incentive-compatible for those wielding political power—for sound governance institutions, with special reference to the American republic. While it is widely recognized that various watershed political events, most obviously the New Deal, have upended American constitutional arrangements, what is less obvious is how the new constitutional order presents severe difficulties for discovering which political projects, out of the limitless number which are technically feasible, are truly in the interests of both governors and governed. These difficulties, incorrectly identified as problematic only for adherents of conservatism or classical liberalism, in fact exist for a wide range of political philosophies. Drawing on insights from constitutional political economy and market process economics, I discuss possibilities for escaping the accompanying tragedy of the political commons

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1. **Introduction**

My purpose in this paper is to develop a theory of political dysfunction, as it relates to constitutional drift—the tendency of *de facto* political procedures to change when these procedures are no longer incentive-compatible for wielders of political power. The term ‘political dysfunction’ may be normatively charged, but I believe it is capable of doing positive analytical work in helping us to understand the state of currently-existing governance institutions in the Western constitutional democracies. For clarification, by political dysfunction I do not simply mean ‘outcomes we do not like,’ although this certainly is a part of it. Instead, I will argue that political dysfunction is best understood as an institutional malady. In particular, political dysfunction describes constitutional drift resulting in a particular structure of governance institutions that lack important self-correcting (negative feedback) mechanisms. Alternatively, political dysfunction lies in the failure of political institutions to cope with the ‘knowledge problem’ (e.g. Hayek 1960, 1978-1981; see also Oakeshott 1991) as applied to the political process. It is thus complementary to, but conceptually distinct from, schools of thought that emphasize ‘incentive problems’ in politics, namely the Virginia School of political economy (e.g. Buchanan and Tullock 1962; Buchanan 1987). A concrete way to conceptualize the distinction is to recognize that constitutional drift frequently has its roots in incentive problems, namely incentive-incompatibility between the welfare of political elites and the welfare of those subject to their rule (Salter 2015). This in turn leads to a re-ordering of political structures such that these structures are less capable of coping with the knowledge problem. Political dysfunction is the conjunction of the two. I will take the former as my point of departure, and
focus analytical efforts on the latter, showing the nature and importance of political dysfunction in the context of the American republic.¹

Importantly, political dysfunction so conceived will be concerning for adherents of several normative schools. Although my normative priors are classically liberal, I believe currently-existing features of political institutions that deserve the label ‘dysfunctional’ will also be concerning to conservatives and progressives, broadly defined. Since political dysfunction culminates in political institutions’ increasing difficulty in generating reliable informational feedback, and hence the erosion of mechanisms for correcting errors, it confronts political philosophies that embrace the state’s discharge of certain duties that, in terms of a means-ends analysis, it may be incapable of achieving simpliciter, or incapable of achieving subject to necessarily-observed side constraints. The sense in which I use terms such as ‘mistake’ or ‘error’ should be thought of in this means-ends framework, rather than relating directly to normative goals. In this sense I am building on the foundation laid by Austrian political economy (Mises 1951; see also Ikeda 1997, 2003), to which means-ends analysis of political process, from the perspective of information-compatibility, is essential.

Seminal theories of political dysfunction, although this exact terminology was not employed by their authors, are those of Madison and Tocqueville. Madison worried about the tyranny of the majority, Tocqueville about a paternalistic mild despotism. These are arguments concerning the erosion of political institutions, a version of what I have called constitutional drift. In addition, these authors worry the political forces that bring them about would not subsequently relent. This is clearly a vision of undesirable end-states that are not self-correcting. However, it is sometimes difficult to ascertain whether these are, in essence, problems of

¹ Very similar arguments could be made for other Western constitutional democracies. I use the American republic as my case study because it is the example with which I am most familiar.
outcome or problems of process. Both play a role, but the relationship between process and outcome in their vision of political dysfunction could be more fully specified. Furthermore, these processes implicitly contain a mixture of incentive problems and knowledge problems. It is not problematic that these frictions are entangled—in political dynamics, they are necessarily so—but we could benefit from a more rigorous theoretical paradigm that (a) places a conceptual boundary on these two kinds of problems, and (b) specifies the properties and implications of each. My theory of political dysfunction will identify this boundary. It will also highlight the difficulties associated with political institutions whose information feedback is diluted.

I organize the remainder of the paper as follows: In the next section I provide an overview of constitutional drift as rooted in constitutional bargains among political elites. Understanding this bargaining process is necessary to set the stage for analyzing currently-existing governance institutions, and hence political dysfunction. I then focus on developing the theory of political dysfunction proper, showing its necessary relation to feedback erosion that follows from the ‘tragedy of the commons’ in governance. As an illustration of the theory, I consider the case of fiscal imbalances in the American republic, showing how these imbalances are simply one way in which political dysfunction manifests. I conclude by discussing some implications of my theory, as well as the costs and benefits of some possible remedies.

2. Constitutional Bargains and Constitutional Drift

Constitutional drift is the necessary starting point of my theory. In the United States, it is almost self-evident that there has been a significant amount of constitutional drift since 1789. The resemblance between the existing de facto constitution and the original de jure constitution is tenuous at best (Epstein 2014; Greve 2012). This is explained by a series of constitutional
modifications that took place outside the official procedures for Constitutional (note the capital) amendment, the most notable being the New Deal. While it would be a mistake to reify the New Deal as a complete break with the previous constitutional tradition, it nonetheless remains the singular event that characterized the re-structuring of U.S. political institutions. What had previously been, in an ideal-typical sense, best characterized as a system of polycentric federalism (Ostrom 2008a [1971], 2008b [1973], 1997; see also Buchanan and Tullock 1962) has since evolved into a system of monocentric nationalism. In the language of Greve (2012), ‘competitive’ federalism has been replaced by ‘cartel’ federalism—genuine competition between jurisdictions in the provision of governance services and other collective goods has ceased, and local administrative bodies are largely implementation bureaucracies for plans devised in Washington.

I want to emphasize that, for the purposes of this paper, I attach no primary normative significance constitutional drift. There were, and continue to be, powerful arguments justifying the drift and the final state of affairs; there were, and continue to be, powerful arguments against them. I do not wish to engage this issue here. I take as my starting point that constitutional drift—both in the United States, and in political regimes throughout history—exists as an important phenomenon for study, and I will focus on drawing out its implications.

As hinted above, constitutional drift always centers around the de facto constitution, i.e. the actual balance of power, reflected in political structures and procedures, between the One, the Few, and the Many. De jure constitutions, i.e. formal or written constitutions, can reflect this actual balance, but do not necessarily do so. De jure constitutions can only be binding if the structure they elucidate is self-enforcing (de Lara et al. 2008; Leeson 2011; Mittal and Weingast 2011). This does not mean that de jure constitutions are superfluous. They can be extremely
useful as coordinating devices, for example: Since there are frequently many, many possible political structures that have some legitimacy within a given population, creation of *de jure* constitutions can help holders of political power coordinate on one particular political equilibrium, when many such equilibria are possible (Hardin 1982, 1989; Ordeshook 1992). However, if the *de jure* structures and procedures do not accurately reflect the *de facto* relationships among relevant wielders of political power, the *de jure* constitution may obscure, more than illuminate, the actual operations of the political sector (Salter 2014).

Constitutional drift is best understood as flux in *de facto* political structures and procedures. In the United States, the result is the wedge between the Constitution and the constitution. In polities without formal constitutions, such as Great Britain, the distinction is less obvious but no less real. Constitutional drift must be understood as a result of the political bargaining process. The final distribution of political power, at any given point, is the outcome of bargains between holders of political power. To the extent these bargains change the actual operating procedures of the political process, they can properly be classified as constitutional bargains.

Briefly broadening our perspective will help us understand the importance of constitutional bargains. Congleton (2011) explores a series of constitutional bargains in Western polities dating back to the Middle Ages. His analysis focuses on bargains between kings and their councils/parliaments. The overall narrative documents the transition from medieval ‘shareholder states,’ where holders of political power were literally owners of the realm, to modern constitutional democracy. In his narrative, the result of these bargains were beneficial for the One, the Few, and the Many—originally the king, the nobility, and the commoners. That the bargains were beneficial for kings and nobles is not surprising, given that they themselves
were parties to the bargain. What is interesting is that, although commoners did not begin with a ‘seat at the table,’ constitutional bargains up to and including the reforms that formalized and expanded the franchise nonetheless increased their welfare.

It cannot be taken for granted that constitutional bargains will necessarily improve the welfare for all those who are subject to a given polity’s structures and procedures. Whereas Congleton (2011) sees the rise of political modernity as a series of welfare-enhancing bargains, an alternative perspective is offered by Jouvenel (1993 [1945]). Jouvenel examines the same history as Congleton and sees instead a series of welfare-enhancing bargains between kings and the commoners, at the expense of nobles. This is only temporarily beneficial for kings: eventually commoners recognize that kings, in their attempt to build a sufficiently powerful coalition against nobles, has granted commoners so much *de facto* power that commoners seize power, taking over an already-existing bureaucratic administrative apparatus. Whereas Congleton sees a monotonic increase in welfare, Jouvenel sees rises and falls, and in some cases, cycles. In this sense, Jouvenel’s analysis hearkens back to the cyclical political theories of classical antiquity, whereas Congleton’s analysis is distinctly Whiggish.

For a theory of political dysfunction, it is unimportant whether Congleton’s or Jouvenel’s is ultimately the ‘correct’ interpretation of Western political history. What matters is the juxtaposition of the narratives, which highlights the *contingent* nature of welfare improvements for subjects as a result of constitutional bargains. This reminds us that when political bargains are struck between holders of political power, and are also binding on those without political power, the results of these bargains will not necessarily be in subjects’ interests. (And, following Jouvenel’s logic, it is not necessarily even in the interests of those party to the bargains!) We can use the perspective offered by Congleton and Jouvenel to analyze the properties of
governance institutions as they existed, and as they currently exist, to see how they cope with information feedback in the context of political processes. Issues of feedback and error correction will follow from issues of incentive alignment (rulers exercising power in the interests of the ruled), which is why constitutional bargains and constitutional drift matter in the first place, but are conceptually distinct and merit their own discussion.

3. **Political Institutions and Political Dysfunction**

The evolution of governance structures in Western polities (excepting the American republic) culminated in modern liberal democracy, from a form of government that we may call ‘shareholder states.’ The crucial difference between these two forms, for the purposes of this paper, is the structure of political property rights—what privileges are attached to those who hold and exercise political power. European shareholder states were a consociation of sometimes-cooperating and frequently-competing powers: kings contended with nobles, contended with the Church, contended with free cities and trade associations, etc. In these polities, significant political action could not be undertaken without near-unanimous support of the (representatives of) these corporate bodies, resulting in a *de facto* ‘generality norm’ (Buchanan and Congleton 1998). In addition, each party to the political bargaining process was a *residual claimant*—they were owners of property and the income derived therefrom, the value of which would fluctuate in response to the conditions of governance. Governance arrangements that were in the interests of one party, presumably, would increase the value of their property and their income; governance arrangements contrary to these interests would do the opposite. Since each party to political bargains was concerned with the effects of politics on his property and income, and little could be done without near-unanimous consent, governance tended to be in the pecuniary
interests of these groups, and also had the (unintended) consequence of improving the economic value of the realm.

Ownership of the realm, in the form of residual claimancy attached to political property rights, is the bridge linking issues of incentive-alignment to information-alignment and knowledge-generation. The story above contains an implicit reliance on the knowledge-generating properties of market processes made famous by Hayek (1948). We do not need to postulate an overly strong version of *homo economicus* to justify this narrative. Instead, rationality among the actors resides in the fact that they operated in an environment that gave them information feedback to correct errors through time (Smith 2009). If the ‘owners of the realm’ agreed to political action that they mistakenly believed would be beneficial, but was in fact harmful, the reduction in the value of their property and income provided them the signal needed to identify the error and correct it. Again, this was privately beneficial, but was also conducive to the stewardship of the economic value of the polity, since the polity itself was privately owned. These governance arrangements were obviously not intended to benefit those not party to political bargains, but frequently did so due to the particular institutional context, much as ordinary market exchange as described in any Principles of Economics textbooks. This is why several notable authors insist the remarkable story of economic growth in the West is incomplete without reference to the *de facto* polycentricity, in an environment of political residual claimancy, that characterized the Middle Ages (e.g. Anderson 1991; Baechler 1975; Berman 1983; Raico 1994; Stark 2011: Ch. 14-16).

Obviously these governance structures no longer exist. Liberal democracy in the West is characterized by a very different structure of political property rights. The realm (now the state) is no longer private property. The state instead is a *commons*, entrusted to representatives of the
people (and the representatives’ appointees) whose private benefit from exercising governance rights are significantly less tightly attached to their success in stewarding the polity’s resources. Political agents control the current use value of governance structures, but not their future (or market-capitalized) value. That this arrangement results in regrettable incentives for stewardship is well-known (Hardin 1968). As seen above, it also has crucial implications for knowledge generation and error correction.

Without residual claimancy to the governance of the state, the aforementioned information feedback mechanism breaks down. For simplicity, assume a political agent in this environment whose only desire is to promote the ‘productive state’—provide the mixture of state-supplied goods and services that contribute to the public welfare (Buchanan 1975). How should she go about doing this? The most promising way seems to be to rely on the knowledge-generating features of the market process. Her shorthand decision rule is: Provide the mixture of goods and services that maximize the value of the resources used in the provision.² In this sense, she can use profits derived from her activity purely as an informational crutch, abstracting from the admittedly powerful incentives profits provide. However, this solution is not actually possible. Profits are the surplus of revenues over costs. The political agent can keep track of costs well enough, but since she is a public supplier in an environment of the state-as-commons, her output cannot be priced via market processes (supply and demand). She thus has no way of actually calculating revenue, and hence half of the necessary information for calculating profits is unavailable. Without profitability (the analogue of income in a privately-owned shareholder state), she has no access to a feedback mechanism that guide her in adjusting over time the

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² This is not a ‘materialistic’ or ‘reductionist’ account of human welfare. It simply recognizes that, if the value of society’s resources is not maximized, mutually beneficial exchange between two parties is still possible, meaning their self-perceived wellbeing can be increased, without damage to another’s.
mixture of state-supplied goods and services that the public most values (Mises 1944; Niskanen 1994 [1971]; Tullock 2005).

Thus an important information feedback mechanism, resulting from the transition from private to public governance, is no longer available. The most obvious solution to the above problem—allow the political agent to supply her goods and services in the market, and hence allow them to be priced—would be a giant leap back to de facto private governance, and thus only solves the problem by sidestepping it completely. This impels us to search for an institutional arrangement that retains a powerful information feedback mechanism for governance, but avoids the abuses of private governance—sufficiently well-known that, in the interests of space, I do not recount them—throughout history. With the above in mind, we can return to the specific example of the American republic, both as it was and as it is, to see what solutions it offers, if any.

4. The American Republic and the Fiscal Commons

It is widely recognized that the American republic finds itself in a fiscal situation which is, at minimum, troubling. As of this writing the national debt stands at approximately $18 trillion, which is 107% of current GDP. However, the national debt greatly understates the degree of the American republic’s fiscal problems because it does not take account of unfunded liabilities. Unfunded liabilities are obligations that the central government has undertaken, but have not yet come due. The largest sources of unfunded liabilities include expected future payments for social programs such as Medicare, Medicaid, and Social Security. There is no precise figure for unfunded liabilities as there is for the national debt, since the magnitude of unfunded liabilities depends on future claims, which itself depend on factors such as population
growth, labor force participation, etc. which are probabilistic. As such, it is unclear for how much taxpayers are liable. Some (e.g. Wagner 2015) suggest $100 trillion is a reasonable estimate for the magnitude of unfunded liabilities, but Kotlikoff (2013: 6) argues it may be as high as $205 trillion, or 10.3% of the estimated present discounted value of all future GDP.

The constitutional drift that resulted in the transformation of the American republic from a system of polycentric federalism to a system of monocentric nationalism created the environment out of which the current fiscal situation grew. In 1930, total government expenditure was 9.4% of GDP, of which 3% was central and 6.4% was state and local. In 2010, total government expenditure had grown to 38% of GDP, of which 24% was central and 14% was state and local. Constitutional drift resulted not only in an absolute growth in the size of government, but a transference of activity away from state and local governments to the central government. Indeed, it is unlikely that without the constitutional drift that resulted in an increase in the activities of the central government relative to state and local governments, such an absolute growth in size would not have been possible. When the de facto constitution limits government financing of state-supplied goods to smaller and more local governance units, they are incapable of imposing sufficient economic burden to finance this spending without driving the populace away to a less economically burdensome locality. This is the well-known Tiebout (1956) story: Citizens ‘vote with their feet’ to select the locality that provides their most-preferred mixture of state-supplied goods for a given tax bill. By relocating the locus of state-supplied goods provision from state and local to the central government, constitutional drift inadvertently resulted in significantly higher exit costs—it is more costly for individuals to leave their country, than to leave their city, county, or state—so all else being equal, a larger fiscal burden becomes practicable.
The fiscal situation is a predictable result of the creation of a fiscal commons (Wagner 2007, 2012). The fiscal unit of government, or fisc, is stocked via taxation, and depleted via ordinary expenditure. Political agents possess current control rights to the fisc, but not future value rights—these rights are inalienable, and inseparable into negotiable shares, as is the case with many private corporate enterprises.\(^3\) The obvious result is that the fisc is understocked, and overdepleted, as is any common pool resource in an environment without institutions that effectively check privately beneficial but socially costly behavior. This lack of institutional oversight in aligning incentives also explains why, from the perspective of holders of political power, public debt and unfunded liabilities are relied upon more than taxation (Wagner 2015).

But incentive misalignment, a result of constitutional drift, is only part of the story. We also need to consider the information feedback properties of such a system. Abstracting from whether the massive increase in state-supplied goods and services by the central government was justified or desirable, we notice that in such a system, there is only weak informational feedback for whether such a system improves governance from the perspective of the governed. How can honest and well-intentioned political agents tell whether the current tax bill, along with present and future indebtedness, is ‘worth it’ to consumers of state-supplied goods and services? Emigration may be one measure, but it is inherently noisy. Individuals may emigrate for a number of reasons only tangentially related to the quality of governance. Given that many other polities are wrestling with their own commons problems in governance, and hence leaving one polity for an unambiguously-preferred polity is highly unlikely, the informational content of emigration statistics is weak. GDP is also unsatisfactory, since it begs the question. Today’s

\(^3\) It may be strange to think of governance in the same terms as a for-profit corporation, but the development of Western polities in an environment of realm ownership, as discussed in previous sections, shows that governance can be extremely profitable for holders of political property rights, and with the ‘correct’ structure of political property rights, profit-accruing governance can also be in the interests of non-holders of political property rights.
GDP can be increased by significant borrowing and spending by the public sector, but is this worth the future costs? Nor is electoral feedback sufficient, given the voting public’s well-known political and economic ignorance (Caplan 2007; Somin 2013). Since each voter has essentially no chance at casting the decisive vote, voters rationally abstain from acquiring political-economic information that would improve the quality of their decisions. This seriously undermines what is popularly, but mistakenly, believed to be the sufficient guarantee of error correction in political processes.

Furthermore, even if it were decided that the present fiscal situation is undesirable, i.e. that it was reached in error, the lack of an information feedback system precludes the possibility of negative feedback dictating when the quality of fiscal decisions has improved. How do we ‘get out?’ of the current fiscal situation? ‘Raise taxes and cut spending’ is a purely formal answer, which is to say not an answer at all. It is the same kind of statement as advising a private business to maximize profits ‘by setting marginal revenue equal to marginal cost’: it describes the properties of a specific set of decisions, but provides no guidance for what the content of those decisions should be. It is unclear what information, if any, can be consulted to let political agents know how the mixture of state-supplied goods and services, and their accompanying financing methods, should be adjusted to restore fiscal balance, while still governing in the interests of the governed.

The American republic was previously structured in a manner that provided much more useful informational feedback concerning the mixture of state-supplied goods and services and their financing methods. Unlike the European polities, the American republic was never a privately-owned realm. That model was explicitly rejected at the ‘constitutional moments’ that produced both the Articles of Confederation and the Constitution. Instead, the model chosen was
one that maintained many of the favorable properties of European-style private governance, but also left room for genuine self-governance. Consider an ideal-typical governance arrangement in the early days of the American republic, especially before the election of President Andrew Jackson. Constitutional rules focused the majority of public activity at the local level. The local fisc was stocked via property taxes, and the franchise was restricted to property owners. In such a system, raising taxes to increase the provision of local governmentally-provided goods would be balanced against how these taxes would affect property values. If providing additional collective goods via collective action ultimately made the locality a more desirable place to live, from the perspective of current and potential residents, property values would increase. If instead the additional provision of collective goods was not worth the expense, in the eyes of current and potential residents, property values would decrease. Combined with the standard Tiebout (1956) mechanism, changes in property values provided those in a position to influence political decisions with reliable information as to the quality of those decisions at a moment in time, and also would provide guidance as to whether changes in the provision of collective goods by public means was improving throughout time. Polycentric federalism, with norms of localism and subsidiarity, combined with the particular public finance and franchise arrangements described above, thus were able to approximate the market mechanisms, in the form of negative feedback loops, which made European shareholder states effective governance providers. But they did so in a way that preserved republican ‘liberty under law.’ The American experiment is thus illuminating for implementing a blueprint for governance that was effective and adaptive, in that it created the means for and made effective use of information feedback systems, but did not come with the baggage of a formalized sociopolitical hierarchy that was prevalent in Europe.
It was this negative feedback system that constitutional drift ultimately destroyed. We thus have a complete theory of political dysfunction: Beginning with bargains among holders of political power (an issue of incentives), constitutional drift results in a state of affairs where the *de facto* political structure is no longer capable of generating information conducive to diagnosing political error (an issue of information), nor correcting error even if, perhaps due to a prior agreement on normative theory, holders of political power so desired. Since there is no feedback for error correction, there is no clear way the political process could revert to a more favorable arrangement for generating governance outcomes in the interests of both governors and governed.

5. **Conclusion: Constitutional Solutions to Constitutional Problems?**

I chose the fiscal commons as the example to illustrate political dysfunction in the American republic due to the inherent link between extensive goods and services provision by the central government and the fiscal arrangements that make such provision possible. While it is a salient example, fiscal crisis is not the only example that the theory of political dysfunction can explicate. In the interests of brevity I will not explore others, but it does appear that considering modern political issues by their features which they have in common—the existence of problems long decried by both the right and left, combined with their puzzling persistence—yields patterns rendered intelligible by political dysfunction. Importantly, these patterns cannot be understood without a unified conception of how information problems relate to incentive problems. My theory provides this link, and while it is obviously not the sole explanation of political maladies, it is one that is particularly timely.
Again, I contended that political dysfunction, rooted in the political tragedy of the commons, is concerning for conservatives, progressives, and adherents of other political philosophies. This is not an apology for a particular position in the left vs. right struggle. Any political philosophy which requires the state to discharge duties that it would be incapable of discharging, but for the massive mobilization of resources monocentric nationalism makes possible, must wrestle with political dysfunction. Whether the *desiderata* is an extensive social safety net or military-led exercises in nation-building, these projects require an antecedent political structure that makes securing these ends *internally* problematic. Seeking these ends requires deconstructing the political-institutional structure that generates the feedback informing governors whether their actions are in the interests of the governed.\(^4\)

Neither does the reality of political dysfunction unambiguously support classical liberalism. Governance institutions in the West were, for a time, approximately classically liberal, and proved unable to maintain themselves. While they were not then dysfunctional, they fell prey to the constitutional drift that eventually resulted in political dysfunction. As such, it is reasonable to conclude that no school of thought currently has a ‘solution’ to the problem of political dysfunction. Nonetheless, in closing, I feel it appropriate to make some brief remarks as to some potential avenues for undoing political dysfunction.

The overall process of political dysfunction is emergent. It is not reducible to the intentions of any one person or group acting within the political process; instead it is a result of the interaction between them. There is no direct and simple relationship between the ‘macro’ phenomenon of political dysfunction, and the ‘micro’ phenomenon of individual or group

\(^4\) My theory has little relevance for those who subscribe to governance philosophies advising governors use it solely to advance their own interests, regardless of the consequences for the governed. Thankfully, adherents of such philosophies are few and far between.
decision-making. Since constitutional drift began the process, subconstitutional ‘tweaks’ to political processes almost certainly will be insufficient to reverse it. Constitutional problems require constitutional solutions; only by ‘getting the meta-rules right’ can the framework be laid for within-institutions political action that may be resistant to political dysfunction (Buchanan and Brennan 2000 [1985]).

The competitive federalism of the early American republic was perhaps the best designed attempt to enable profitable collective action, while preventing the predatory possibilities of the political commons, yet devised. As we have seen, it proved quite vulnerable to cartel federalism when the ideological climate, and the payoffs associated with particular political bargains, shifted. Cartel federalism was not the result of usurpation by national political actors at the expense of local political actors; it was the result of voluntary bargains between these actors, whose private payoff came at the expense of political institutions capable of resisting dysfunction. This impels the question of how constitutional solutions can be reached, when there is no guarantee that the constitutional structure in question will be self-enforcing? The question is merely a re-phrasing of Hamilton’s dilemma from Federalist No. 1, but the framework from which the question arises may also suggest the beginnings of an answer.

Securing the benefits of the productive state, while also restraining the predatory state, requires (in part) setting the demarcation between supplying goods and services by private contract vs. collective action. If political meta-rules begin with a list of what specific prerogatives are permitted to collective action, these meta-rules also embody an implicit assumption about where this demarcation lies. Using constitutions to coordinate around this kind of an equilibrium will be largely ineffective, if that political equilibrium quickly becomes pressured by constitutional drift. Instead, if we treat the demarcation as something that must be
discovered as part of the operation of the political process, rather than decided upon ex ante, the imperative becomes setting the meta-rules such that they are most conducive to this discovery procedure. The political question shifts from, “Ought the government to supply Good X?” to, “What political structure will result in the government supplying Good X if it is productive, and not if it entails predation?” Interestingly, the latter question is easier to answer, since it limits itself to questions of procedures, which are more definite than questions of specific collective action. This is because the particulars of time and place can plausibly be both conducive and unconducive to collective action concerning Good X. Constitutions that deemphasize specific rights permitted to collective action, or reserved to private contract, and emphasize procedures for discovering which rights are best allocated to which provision method in a given context, may be more compatible with the requirement that constitutions must be self-enforcing. Political operatives probably have less incentive to deviate on procedures than specific outcomes, because outcomes are more likely to draw the support of, or hostility of, interest groups. Procedural focus at the constitutional level thus affords a degree of flexibility that constitutions mandating specific outcomes lack.

Thinking of the problem this way switches the focus from the incentive-aligning features of constitutions (preventing political predation), which traditionally receive the lion’s share of attention in political economy and philosophy, to the information-generating feature of constitutions (discovering the demarcation between private contract and collective action). Preventing undesirable constitutional drift, and hence political dysfunction, requires constitutions be robust in both of these senses. If the epistemic feature of constitutions is sufficiently favorable, political agents are more likely to receive a sufficiently high payoff from directing their entrepreneurial activities to productive uses that they refrain from predatory procedural
changes. Ascertaining which procedures create the most favorable epistemic environment, while also remaining incentive-compatible for holders of political power, would be the focus of a research program oriented at resisting political dysfunction. There is obviously no final solution to this problem—at some level, everything is endogenous, so everything can change—but there are almost certainly political orders more resistant to dysfunction than others. This will almost certainly involve some institutional arrangement that rejects the political commons, from which political dysfunction proceeds.

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