

Meeting Plato's challenge?

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We can regard the history of Political Philosophy as a sequence of responses to a challenge that Plato left behind as a—somewhat poisoned—legacy of his political thoughts. In a nutshell this challenge consists of two assumptions: 1. People have to confer political power on political rulers who are authorized to make collective decisions about the public welfare according to their personal convictions and insights. 2. People have to trust their political rulers, and society has to ensure that trustworthy persons are enthroned as such.

Both assumptions are closely related: political rulers in Plato's view do not merely act as simple "representatives" who just do what they are told by the people or what the people would otherwise do themselves. Political rulers have to decide on the basis of their own knowledge and judgment which is not comprehensible to ordinary people. Therefore it is not possible for the people to evaluate and control the decisions of their political leaders and they thus have to trust in their leaders' political wisdom and moral commitment to promote the common good.

Plato's own answer to this challenge is well known: we have to educate a societal elite in a manner that ensures that they acquire the knowledge and attitudes that qualify them as political rulers in whom people can trust. It is not an answer that has triggered many affirmative reactions; on the contrary, starting with Aristotle, it has evoked a long chain of attempts to refute Plato's assumptions and conclusions in one way or another—and this chain has created much of the tradition behind the modern views on politics and political systems. These attempts question the need for autonomous political leadership by defending the ability of people to rule themselves in the form of direct democracy or via political representation, and/or they deny the necessity of genuine trust in political rulers by referring to institutionalized control and incentive mechanisms to prevent the misuse of power.

Does the *The Calculus of Consent* belong to this tradition, and does it produce innovative and convincing arguments to take up Plato's challenge? I will discuss these questions by first digressing and referring to a quite different approach to contesting Plato's views. In

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the 1970s, I was a German sociologist trained at Frankfurt University and influenced by the critical theory of the Frankfurt School as it was advanced and refined by Jürgen Habermas in those days. In Habermas' variant of critical theory, the concept of consensus also plays a key role. At first glance, one central premise of his theory looks quite similar to a main proposition of *The Calculus of Consent*. According to Habermas, the supreme criterion for the legitimacy of a collective decision is the agreement of all persons who are affected by this decision. And, also in apparent congruence with *The Calculus of Consent*, consensus will be attainable as the outcome of a process of mutual communication and negotiation between all parties.

However, a closer look reveals essential differences between Habermas' theory and *The Calculus of Consent*. To name only a few: the individuals who are participating in the consensus-forming process are not seen as rational utility-maximizers, but are motivated to argue from a generalized point of view; consensus is reached by voluntarily accepting the interests of other persons, and not by bargaining and mutuality of advantage; the preferences of the participants are not postulated as fixed but could and should be transformed in the process. In Habermas' theory, agreement is achieved *in spite* of conflicting interests, not as a result of *resolving* conflicting interests.

Apart from the fact that I was never very much attracted by the philosophical framework of Habermas' approach and its methodology, two additional aspects made me skeptical about his consensus-theory: First, the assumption that—under “ideal” circumstances—consent is always possible seemed to me unwarranted and based on highly questionable pre-suppositions, such as an intrinsic motivation of the participants to abide by a kind of golden rule and to divorce themselves from their own interests. Second, unanimity is not only seen as the *supreme* criterion for the legitimacy of a collective decision, but as the *only* criterion. It follows that all decisions made under less inclusive rules carry a persevering stain of being of inferior status and of weaker commitment power, and that they are legitimate only in so far as they resemble the result of unanimous agreement. This consequence struck me as highly implausible in the face of the undeniable fact that most political decisions are made under simple or qualified majority rules and that, under normal conditions, these decisions are not contested in their validity and binding force. Attributing such a unique status to consensus, and devaluating majority rules to only parasitic existence, seemed to me like going from one extreme to the other. Taken as a whole, this theory did not appear to be a successful concept for an optimistic alternative to Plato's skeptical view of people's capabilities of ruling themselves.

It was in the light of these misgivings that *The Calculus of Consent* re-established the significance and special role of consensus for me. On the one hand, it did so by making clear that the feasibility of overall consent in the face of diverging interests is not dependent on “idealistic” assumptions about “Kantian” motivation and preference changes, but can rather be grounded in bargaining theory and in considering the possibility of compensation payments. On the other hand, it elaborated the somewhat simple and basic but extremely important point that a well-founded decision can be made unanimously to organize other decision processes under less restrictive rules than unanimity—even if the quality of the decisions suffers and external costs are to be expected. We can consent to do *without* consent in certain contexts!

This sharp distinction between different levels of decision makes clear that the unanimity rule at a constitutional level, as well as other less inclusive decision-making rules at the operational level, may likewise be based on rational individual calculus. The approach of *The Calculus of Consent*, therefore, combines both: it still designates the unanimity rule as an “ideal” rule but at the same time acknowledges that, in the face of decision costs,

majority rule and its variants have their own domains and values. Majority decisions are not justified—as in the case of Habermas—insofar as they *resemble* decisions under unanimity rule but insofar as they are *implemented* by unanimous decisions.

Although this was not a subject focused on by Buchanan and Tullock, their two-level concept of decision-making also rehabilitates the *normative dignity* of decisions under majority rule. The acceptance of a constitutional decision under a unanimity rule, which establishes a majority rule for operational decisions, transfers the validity from the constitutional to the operational level. If people agree unanimously to make some kinds of decisions by majority rule, then they have agreed on the normative precept that they *should* accept these decisions by the majority. There is no trace of a diminished normative value or stain left. And this makes *The Calculus of Consent* compatible with existing democratic institutions, and the manner in which we judge the legitimacy and commitment power of majority decisions, in a much more substantial sense than Habermas' theory. Furthermore, it connects the validity of majority decisions with the benchmark of consent *without* devaluing the majority decisions or regarding them as a kind of deficient or incomplete variant of unanimous decisions.

Does *The Calculus of Consent* also help to master Plato's challenge and give additional reasons for rejecting his key assumptions? Large parts of the book could be read—as the authors themselves admit—as an analysis and indeed an appraisal of direct democracy and therefore as the opposite position to Plato's depreciation of people's ability to decide on their own in political matters. The main result of this analysis is indeed a counter-hypothesis to Plato's first assumption. It states that individuals who are motivated by utility-maximizing considerations, and are well informed and fully rational in their choices, are able to reach a consensus that is in their mutual interest and does not impose external costs on anybody. No representative or political leader could do this better.

However, as is argued in *The Calculus of Consent* itself, this conclusion would generally hold true only if decision costs were neglected. So even if we buy the strong presupposition that all participants in collective decision-making processes are well informed, fully rational, and able to reach an optimal consensus, there is good reason not only to resort to majority rule in many contexts but also to introduce a system of representative democracy, because direct democracy becomes too costly in larger political units or when considering many different issues. But still in stark contrast to Plato, the implementation of representative democracy is not meant as a measure to *improve* the *quality* of collective decisions; quite the contrary, the benchmark and the “ideally efficient” solution still remains a collective decision that is reached by all individuals under a rule of unanimity. Political representation is only an instrument to reduce the overall *costs* of collective decisions and for this reason a certain *decrease* in their quality must be accepted.

In *The Calculus of Consent* this decrease in quality is *not* a result of a principal-agent problem, even though it is true that representation will produce external costs for the individual that will rise according to the degree of representation. This is not, however, because representatives may act against the interests of their constituents. In *The Calculus of Consent* representation is introduced as an unbiased relation, thus it is assumed that representatives simply vote as the majority of their constituents want them to. The individual will anticipate adverse legislation not from representatives who will not act on behalf of the individual voter, but rather from the fact that the range of inclusion of individual interests in representative assemblies can decline considerably. Therefore, even in a system with political representation, there is no need for autonomous political leadership in Plato's sense and, because of this, no necessity for genuine political trust either.

It seems to be obvious, however, that these presumptions are contestable—and they are in fact contestable from an economic point of view itself. Choosing representatives to act on

behalf of a constituent is not a harmless step. The imputation that they simply vote according to majority preferences in their constituencies is a “heroic” simplification—a simplification which is explicitly defended by Tullock in the appendix of *The Calculus of Consent*.

From the standpoint of an economic theory of political delegation, this simplification may go too far. The implementation of representative democracy changes the political world substantially. The risks of adverse selection and moral hazard occur, the limits of institutional restraint and of incentive devices must be taken into account, and the problem of the rational ignorance of voters who no longer participate in the political decision-making on the operational level becomes salient. And if these factors make complete “control” of representatives futile, then the demand for “trust” in representatives arises. If it cannot be guaranteed by external provisions alone that representatives act in the interest of the voters or in the way they are expected to act, then the question of their personal convictions, insights, and motivation becomes decisive.

This problem also threatens the inner kingdom of unanimity and consent: decision-making about the constitution. Even here decision costs will force individuals to accept rules less inclusive than unanimity, and to delegate the decisions to political representatives—an empirical fact in all developed democracies. The hope that behind a “veil of uncertainty” all participants will have incentives to choose constitutions that are in the interest of all members of society seems overly optimistic. So the individuals face an uncomfortable alternative: either they must adhere to the unanimity rule on the constitutional level, and accept that sub-optimal and biased constitutions will be sticky because of the decision costs of constitutional transformations; or they must renounce unanimity and delegate constitutional decisions to representatives and accept that the problems of trust and trustworthiness must also be solved at this crucial and sensitive level of political decisions.

The Calculus of Consent may thus not close the books on Plato’s challenge. While Buchanan and Tullock do not mention “trust” and “virtue”, it may still be true that democracy cannot work without them and that we are dependent on trustworthy political leaders and representatives. This in no way diminishes the core insight of *The Calculus of Consent* that the sharp distinction between decisions on the constitutional and the operational levels is a powerful tool for analyzing and understanding the mechanisms and complexities of democracy. It establishes that under the special constraints of constitutional decisions, we have an opportunity to integrate the preferences and interests of all members of society even when this is not feasible on the level of operational decisions. Moreover, this holds true whether the individuals participate directly in the decision-making process or delegate the decisions to representatives. And it also holds true even when we have to acknowledge the demand for “moral restraint,” and implement an institutional order that can help to cultivate moral dispositions, and allocate persons with desirable character traits to the right places.

Finally, the logic and impact of two-level decisions are not only essential for an adequate understanding of politics. They rather have a general significance and can be employed beyond the limits of collective decision-making, thereby contributing to a substantial expansion of the explanatory power of an economic approach as a whole. Buchanan and Tullock touch on this potential parenthetically: if we apply the distinction between constitutional and operational decisions to individual choices, we will notice instantaneously that the consequences display astonishing analogues to collective decisions. It can be in the rational interest of individuals to choose quite different rules for their decision-making on the operational, everyday level than on the personal-constitutional level. They may judge it expedient in their long-term interest to act in some contexts in an altruistic, norm-obeying way, to cultivate and express certain feelings and emotions, to nourish moral dispositions, or to decide on the basis of heuristic rules of thumb and be content with satisfying results. This means

that rational choice may be hidden in the deep structure, shaping the visually observable behavior on the surface in a quite different way. From the point of view of a sociologist, it is no minor contribution of *The Calculus of Consent* to our understanding of the world if we can explain that the rational-choice calculus of the individual may result in a kind of behavior that at first glance seems to contradict rational choice and self-interest, but embody true altruism and virtuousness.