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An Exact Epitome of the Whole People[1]

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The core of liberalism is the decentralization of initiative. This is its great value if knowledge and creativity are diffused through the population and not subject to aggregation in some central authority. On this view, the compelling fact about liberalism is that, as Friedrich Hayek and others in the Austrian school of economics might say, it fits the epistemology of a creative social order. It does this because it gives autonomy to individuals and their own spontaneous, changing organizations. One might take such autonomy to be the central value of liberalism, or one might take the autonomy to be a means to other things, such as, especially, welfare. Nevertheless, as virtually all agree, we need government to secure our liberty. This generally means democratic government, and in the modern era of large states, it means representative democracy. Indeed, already in the days of the colony of Massachusetts, representation was necessary because the whole community could not possibly have met to govern. Each Massachusetts community of at least 120 citizens had one representative, and an additional representative was added for each additional 100 citizens (Wood [1969] 1972, 186). Anti-Federalists argued that such close representation could not be made to work for larger national government. Their arguments in 1788 cut even more sharply today, when the people of Massachusetts have one representative in the US House of Representatives for roughly 640,000 inhabitants.

The Austrian vision of distributed knowledge is consistent with John Stuart Mill's ([1859] 1999, chap. 4, p. 124) grounding for his principle of liberty, that individuals have the best knowledge of what their interests are.[2] This claim can be qualified, of course, in ways that

the individual would allow. For example, you would likely defer to judgment by medical professionals on some things that might be in your interest but that you could not understand adequately without professional advice. The Austrian, Millian vision coupled with the seeming fact that people place very high value on welfare, especially own-welfare, yields a welfarist political theory that is essentially a mutual advantage theory. Mutual advantage is not imposed or assumed, however, as it is an ordinal utilitarian theory (Hardin 1988) or in contractarianism. Rather, it results from the aggregation of individual values.

A major element of the mutual advantage theory is that we all want stable government. We coordinate on a constitution, including its design of a legislative body. But we do not always or even usually coordinate in the passage of specific pieces of legislation. We have a two-stage structure of government and therefore we need a two-stage theory of it, with different justificatory arguments in the two stages: coordination for mutual advantage in the first stage of constitutional design and adoption, and majority rule in the second stage of ongoing politics. In general, the legislature does not simply aggregate our interests, although on some issues — those for which there is a mutual advantage choice, such as defending our nation from attack — it can. Most of the time, we benefit from a division of labor in which we the citizens do not know what our legislators are doing or even what they, as relative experts, know.

The central problem of democratic government is the combination of two considerations. Substantial knowledge of what individual citizens' interests are commends having a representative legislative body to defend them. But substantial ignorance on the part of citizens argues against the value of a democratically elected legislative body. Most citizens in modern advanced democracies are clearly deeply ignorant of many of the most important policy issues their nations face. National leaders, such as prime ministers and presidents, can lead their

citizens into holding clearer views, although we can wonder whether that is a good or a bad effect of such leadership, which can grossly mislead. Traditional arguments for the separation of powers do not evoke this distinctive difference between the two institutional powers: legislature and executive.

There are two distinctively different ways to aggregate from the individual to the social level to achieve social order. A cultural theorist who supposes we are more or less all alike in that we have extensive common or shared values can simply impute individual values to the society. One who supposes we are substantially different in our values must decentralize into complementary but different groups or even all the way to individuals. In essence Talcott Parsons ([1937] 1968) holds the first view and Hayek (1960) holds the second (see further, Hardin 1999, 9-12). Liberalism works in the second of these ways. If Parsons were pervasively right, we would not need a legislative body to deal with political conflict but only to determine what are our common values and to discover what policies would secure those values.

Separation of Powers

In part because we the citizens are unable to oversee what government does, we may generally agree with James Madison on being wary of or distrusting our government (Hardin 2002). Madison supposes that we should protect ourselves from government by making sure that it is weak. In particular, he supposes that the US government should have power enough to prevent the individual states from interfering in commerce but that it should not have power to intervene in our lives in other ways.

If we wish to coordinate on weaker rather than stronger democratic government, then we want institutional devices that restrain government action, perhaps more in certain areas than

in others. A principal reason for having separation of powers, especially of the legislative, executive, and judicial powers, is to reduce the likelihood of extreme actions by government. Having at least three institutions playing a role in what government does means at least some degree of regression towards the mean. This is heightened if the different institutions have different terms and lengths of tenure in office. For example, within the US Senate there is some chance of regression toward the mean over time because one third of the members are elected in each two year election cycle, and they then serve for six years. Justices in many systems are appointed to very long or even life terms. Hence, the judiciary can reflect the political persuasions of different eras, and the different eras imply some regression toward the mean.

We can see how important separation is in the recent violations of the principle of separation in the Bush administration's actions against suspected terrorists. These people are dealt with almost entirely and only by the administration, especially under either the military or Attorney General John Ashcroft. The indeterminate lengths of "arrest" and detainment, without right of habeas corpus, have extended well beyond the period of seeming emergency when the policies were put into place. By almost any criteria, the handling of these people has been extreme in comparison to how any other people have been treated under American law since the adoption of the constitution in 1788. Japanese-Americans were detained in camps in the western deserts during World War II, many potential subversives were detained by administrative order during the presidency of Abraham Lincoln, and many Americans of German background were treated abusively during World War I. Apart from detainment, however, the extreme measures in the current regime go much further in putting the detainees through virtual torture — torture that may be more nearly psychological than brutally physical, but still brutal.

Liberalism essentially exalts local knowledge and values insofar as these are the

values of individuals and, of course, it stands implacably against totalitarian control, which is often directed at redesigning not merely society and the economy but also the individual. James Scott argues that when state capacity to monitor its populace, to make the populace legible, is joined with high modernism in social design, totalitarian or immediately post-revolutionary government, and the absence of intermediary social structures, the state can take its population into disaster. The chain of argument is that "the legibility of a society provides the capacity for large-scale social engineering, high-modernist ideology provides the desire, the authoritarian state provides the determination to act on that desire, and an incapacitated civil society provides the leveled social terrain on which to build" (Scott 1998, 5, 89). One can add that this chain results in centralized designs that take little account of and even thwart local knowledge and that often fail largely for that reason.

Most of Scott's discussions are about state abuses of its knowledge of and controls over a legible populace. His perspective is usually that of the poor under the control of a state that is autocratic and that massively manipulates them, ostensibly for their own good or the good of future generations. There is, of course, also a benign side of legibility because the devices for legibility can also be used for good purposes, such as monitoring and preventing diseases (Scott 1998, 77). Indeed, if a state is to have any policies that benefit the populace, it most likely can achieve its purposes better if it has knowledge about the populace. The devices that produce legibility enable the state to make readier, better-targeted interventions, whatever the state's purpose. The devices are neutral in the sense that they do not determine the direction of the interventions. A Nazi government can use the devices to track down those to be exterminated (78) and a welfare state can use them to distribute social security payments. For reasons of democracy and fairness, the US constitution mandates a decennial census to allocate seats in the

Congress according to population and to make tax collections equitable (the taxes were to be head taxes levied by the states and turned over to the federal government). Without the facts from such a census democracy must be less representative and the politics of redistricting or reallocating seats in legislative bodies must be far more capricious. Representative democracy and the census go together.

If one values democracy, political fairness, mass education, and egalitarian policies, then one must accept the need for making a populace substantially legible to the state (Scott 1998, 339-40). Otherwise the state cannot intervene to make sure those who are qualified can vote or to equalize opportunities and even welfares. All of these are part of the technological capacity to mobilize large populations, a capacity that developed over the past three centuries and that has produced representative democracy, revolution, and nationalism, all of which are essentially modern phenomena. Without the capacity for mass mobilization, the state could not control its “citizens” very well (and the very idea of citizenship itself is essentially modern).

Before it had adequate measures of land holdings and other forms of wealth, the state was effectively blinded and it could not levy taxes without sometimes grim caprice that would bankrupt some while leaving others untouched (Scott 1998, 2). Egalitarianism can be achieved by reducing all to abject poverty in an anarchic subsistence economy or it can be approached by elevating a state to manage at least some of the distribution of the benefits of a highly productive economy. Without access to education, the idea of equal opportunity is a farce, as suggested by the awful Supreme Court decision in *Wisconsin v. Yoder* that allows the Amish of Wisconsin to end their children’s education at age 14 to protect them from the blandishments of the larger society. That decision also “protects” those children against any opportunity to enter the larger economy.

Problems of Collective Action

The logic of many defenders of legislatures and of democracy itself is often profoundly flawed. In a typical statement, in his lectures at Princeton, John Witherspoon claims that "the multitude collectively always are true in intention to the interest of the public, because it is their own. They are the public" (quoted in Wood [1969] 1972, 164). Marchmont Nedham argues that the people "are the best keepers of their own liberties … because they never think of usurping other men's rights." John Adams contemptuously retorts:

> But who are the people?… If by *the people* is meant the whole body of a great nation, it should never be forgotten, that they can never act, consult, or reason together, because they cannot march five hundred miles, nor spare the time, nor find a space to meet; and, therefore, the proposition, that they are the best keepers of their own liberties, is not true. They are the worst conceivable; they are no keepers at all (Adams [1787] 1987, 59).

Adams is concerned to defend the need for separation of powers specifically to protect individual liberties, with each branch of government constraining the other two.

A legislature is a compromise. Sometimes, it is a perverse compromise, as when the individual legislators use their offices substantially to ensconce themselves in the offices. For example, recently the US Congress voted funds to help communities guard against terrorist attacks. In legislation voted by the House of Representatives, the funds go very disproportionately to rural and small communities and to states such as thinly populated Wyoming, where the threat of terrorism is virtually nil, rather than to the far more likely targets of terrorism, which are large cities, most especially New York. The legislation allocates $5.47

per person to New York and $38 per person to Wyoming.[3] New York's Mayor Michael Bloomberg angrily commented that he had never yet heard of a terrorist who carried a map of a cornfield (Hernandez 2004). But better resources will be devoted to protecting Iowa cornfields than New York.

If this legislation were the product of a single author actually concerned to guard against terrorism, we would rightly say that the design of the legislation is stupid — deeply stupid — and we would wonder about the competence and intelligence of the author. But the legislation was "crafted" by 435 members of the House of Representatives (only 408 actually voted against a final effort to increase funding to likely targets of terrorism). Every one of them may have acted rationally. A legislator from Wyoming could use funds to Wyoming to help generate support for the legislator's re-election. The Wyoming allocation amounts to more than fifty dollars per potential voter. The individual legislators may have acted rationally and self-interestedly, but the body of legislators acted stupidly on behalf of the nation.

Representation

The idea of a legislature fits oddly with Hayekist or Austrian social theory. First, it may be true that a representative legislature is a better aggregator of *private knowledge* in general than is an executive government. But, as the case of the congressional act on prevention of domestic terrorism illustrates, knowledge of the distribution of private interests in various contexts need not entail that the knowledgeable legislators will be motivated to act on *the interests* of relevant publics. In very many contexts there is also great doubt that a legislature can adequately aggregate such knowledge for the simple reason that representatives of substantial communities of people cannot generally represent all of their community members' views. On

this divisive issue, the Anti-Federalist opponents of creating a strong national government in the US were analytically right. For representation to work according to the ideal of its substituting for full participation, the representatives must share the interests and not only the knowledge of those they represent.

In a debate over staffing of administrative agencies — beginning at about the end of the nineteenth century and continuing today — some advocate passive representation of those being served. You passively represent blacks or workers if you are black or a worker. You actively represent them if you simply set their interests as your goal. For example, Massachusetts Senator Edward Kennedy actively represents workers and the poor, although he has experience neither being a worker nor being poor. The Anti-Federalists essentially held that only passive representation can be trusted. Small farmers must be represented by small farmers. Mechanics (workers) must be represented by mechanics. And wealthy estate farmers in upstate New York must be represented by wealthy estate farmers in upstate New York. Such farmers were particularly eloquent among the Anti-Federalists. This is the clear meaning of the statement by Robert Yates and John Lansing, two of the three New York delegates to the Philadelphia constitutional convention, explaining why they had chosen not to sign the final constitution. They say that,

> … if the general legislature was composed of so numerous a body of men, as to represent the interests of all the inhabitants of the United States, in the usual and true ideas of representation, the expence would [be intolerable; and] if a few only were vested with a power of legislation, the interests of a great majority of the inhabitants of the United States, must necessarily be unknown; or if known … unattended to (Yates and Lansing [1787] 1981, 17).

Debates over the nature of and need for representation were quite lively from colonial times through the constitutional period in the United States. And they were quite lively from well before and well after that period in England, where, in the face of a lack of genuine representation for large fractions of the population, Thomas Whately, writing in 1775, and other defenders of the status quo in that era assert that these populations enjoyed “virtual representation” (Wood [1969] 1972, 173-181; also see Hardin 1999, 178-181). Whately himself, as a Catholic barred from voting, was only virtually represented. Virtual representation in his case cannot have been passive representation but could only have been active. In particular, passive representation in defense of his religious freedom was clearly not possible. One doubts that he could honorably claim to be represented with respect to much other than the national defense, provision of various infrastructures, and other such universally beneficial things, which serve the mutual advantage and must therefore be supported by everyone.

Representation and Mutual Advantage

Representation can be credible as a device for aggregating knowledge if the representative shares the views of an entire constituency. This is apt to be true only when the constituency is quite homogeneous in its interests. Historically, this condition has been met by societies in which agriculture is still by far the largest sector of the economy. The early liberal, almost Hayekist, societies — England, the Netherlands, Scotland, and the United States — somehow insulated nascent liberalism from rural domination. In particular, they all created democratic institutions at the center of political and governmental life while largely excluding rural populations from participating. *It is a perverse fact of the history of modern democracy that it could only succeed through massive exclusion of much of the population.*

In the United States, of course, slaves were deliberately excluded. The southern states with their slaves participated in the new government but were not Hayekist. They were an anomaly.

Exclusion of citizen farmers, however, happened without design in part, because rural citizens did not vote on the new constitution of 1787 (Fink and Riker 1989, 221). Most of them were subsistence farmers who may have assumed that politics at the national level would be irrelevant to their lives, as it probably was, although James Madison and many other constitutionalists feared that these people would mobilize to take control of the government and would dispossess the wealthier classes.

Other industrializing nations followed the pattern of England to a large extent. They excluded rural peasants and others who did not own property from political participation through most of the nineteenth century. England also de facto excluded many industrial cities, which had no representation in Parliament except through virtual representation. Virtual representation is what the vast bulk of subsistence farmers could enjoy from every representative of small farming interests, especially when the latter passively share the interests of farmers.

At the time of the US constitution, roughly 85 percent of the adult male population were small farmers, most of them likely subsistence farmers. Had they mobilized to obtain benefits from the new government, they would largely have shared interests enough to be represented well. Policies favoring such farmers would have been mutually advantageous for the majority of the then extant population. Farmers' ignorance of government and its possibilities enabled wealthier groups in the society to dominate politically. Indeed, dominance by wealthier citizens continued long after universal white male adult suffrage would have allowed rural interests to gain control of the government, as they did to a limited extent during the presidency

of Andrew Jackson (1833-1841).

To democratize a nation that is still dominated by agriculture is a high-risk venture today, because the exclusion of rural citizens from the vote is not possible. Madison's fears of expropriation by the poor through democratic means might be fulfilled in many cases today. In the early United States and in many other nations that democratized early, communications were poor and subsistence farmers were likely woefully ignorant. Clinton Rossiter writes that, "Where men farmed largely for subsistence, where the printed word penetrated laboriously, where life was hard and horizons limited …, one found apathy, lethargy, and suspicion" (Rossiter 1966, 296). Karl Marx sharply characterizes the French peasants who, in his view, stupidly voted against their own interests in support of Louis Bonaparte in the election of 1848 (Marx [1852] 1963, 118-135). There might be apathy, lethargy, suspicion, and stupidity in many rural areas of the world today, but the spoken word now penetrates readily everywhere, and mobilization woulc be far easier than it would have been a century or two ago.

Creative Destruction

An implication of economic development has been what Joseph Schumpeter ([1942] 1950, 83-6) calls creative destruction, which he says "is the essential fact about capitalism" (83). Old industries and forms of production are displaced by new forms that are more efficient. The steel industry is substantially replaced by the aluminum and plastics industries. The plow pulled by a mule is replaced by a tractor. In *The Eighteenth Brumaire*, Marx ([1852] 1963) basically agreed with this vision. For Marx and historically, the most important instance of such creative destruction has been destruction of the massive, stultifying investment of human labor in agriculture through the introduction of mechanized production and, later, through inputs of

fertilizer and higher-yielding seed, plant, and animal varieties.

The isolating existence of peasants likely contributes to their hostility to change, particularly the destruction of subsistence farming as a way of life. Freeing 85 percent of the total workforce from farming has been the chief motor for increasing the industrial and service workforces. It has been driven by the opportunities offered by these job sectors and it has been almost entirely voluntary — in the sense, of course, that greater prosperity seemed available off the farm than in small farming. In general, the shift out of farming was not deliberately managed by government but merely happened as a result of technological and demographic developments, although the Soviet Union was commonly accused of forcing farm laborers into urban industrial work.

Late in the nineteenth century in the United States, agricultural interests finally mobilized to capture the Democratic Party, which was one of the two major parties at the time. That party, under the leadership of William Jennings Bryan (1860-1925), who was retrograde in other important ways as well,[4] sought to wipe out farm indebtedness with "easy money" and to maintain farmers and miners in their relatively inefficient and fast-disappearing way of life. For more than twenty years the platforms of the party were economically retrograde. The mock-Falangist party of Juan Peron in Argentina was also economically anti-progressive in its effort to protect what was already passing. Both these parties focused on current income and its distribution, not on its increase over time, and on the then current structure of the economy, as though to fix it in that form forever. Progress in both nations likely depended on the creative destruction of those parties, which is not quite what Schumpeter had in mind.

In other nations, similar moves have nearly succeeded, sometimes with democratic backing. For example, the Algerian military intervened to block the democratic accession to

power of a fundamentalist religious party that would have blocked economic progress in many ways and that would have given rural interests a strong grip on national politics. Other religious movements, such as the Taliban in Afghanistan and the Ayatollahs in Iran, have attempted similarly to block economic progress, partly in the name of religious values.

Adam Przeworski, Michael Alvarez, Jose Antonio Cheibub, and Fernando Limongi (1996) argue that once GDP in a democracy passes a level of a little over $6000 per capita, a democratic society is safe against backsliding into autocracy. Note that this level of per capita GDP virtually assures, as a matter of simple arithmetic, that the rural vote is relatively small. (Suppose the typical family spends about ten percent of its income on food; then if farmers achieve average prosperity, they can number less than nine percent of the workforce.) Hence, there can be no *Eighteenth-Brumaire* distortion from the agricultural sector and no mass movement to block the creative destruction of farm life. A major factor in the success of democracy has been the increasing productivity of labor, especially in the agricultural sector, because such increased productivity breaks the tight definition of particular groups that could vote in their own mutual advantage to constrain or even block economic innovation and change.

One might suppose therefore that the former fear of Madison and others that those with little or no wealth would be a democratic threat to those with great wealth would have waned or even passed. In gross terms, this supposition seems to be correct, but perversely there is now an analytically analogous form of legislative capture that distorts economic performance and growth. On analogy with farmers, those most strongly motivated to seek special treatment from government are likely to be economic groups threatened with creative destruction. As has been true of agriculture in modern times, those whose dominance in some economic realm is threatened by innovation can shore up their position by legal and political devices when their

economic performance fails. Seeking government intervention is a sign of economic failure; getting such intervention trumps economic forces. In the United States, Ronald Reagan perhaps did more to overcome such politics than any other president; and his fellow Republican George Bush may already have done more to bring it back into play than any prior president did to initiate such intervention on behalf of failure.

Reagan's efforts were bits of creative destruction of often very clever kinds. For example, he ended the collection of data on divorce in California while he was governor and he ended many series of data on business activities while he was president. He did most of this by simple executive order. A clear result is to make it very hard even to know enough to design any policies to benefit certain interests. In a sense, Reagan forced the Austrian social theory of distributed knowledge to be even truer than it might have been. Whereas individuals can know many things that government agencies cannot credibly claim to know, those agencies can, somewhat metaphorically speaking, know many aggregate and statistical facts that few individuals could ever know except from summary reports by those agencies. Reagan undercut that advantage of government agencies and destroyed much of the knowledge those agencies are especially capable of mastering.

Corporate Democracy

Contemporary government in the United States and many other nations can be characterized as "corporate democracy" in the following sense. Adolph Berle and Gardner Means note that the rise of the corporate form of organization of private firms breaks the link between ownership and management, thus opening the possibility of conflict of interest between owners and professional managers (Berle and Means 1932, 119-25 and passim; see also, Means

1959).[5] Among the legal forms that property in the corporate form might take as a result of such separation is analogous to what we have seen in many corporations historically, including many in recent years during the extraordinary stock bubble of the 1990s. This form creates "a new set of relationships, giving to the groups in control powers which are absolute and not limited by any implied obligation with respect to their use." Through their absolute control of a corporation the managers, Berle and Means argue seven decades before ENRON, "can operate it in their own interests, and can divert a portion of the [corporation's income and assets] to their own uses," and we face the potential for "corporate plundering" (Berle and Means 1932, 354-5).

Alternatively, they supposed that the corporate form would develop into what would now be called a socially conscious institution. This wildly optimistic expectation is at odds with their hard-headed analysis of what had already developed in corporate governance. They quote Walter Rathenau's 1918 view that the private "enterprise becomes transformed into an institution which resembles the state in character" (Berle and Means 1932, 352). The reverse seems to have happened. The state has been transformed to resemble loosely controlled corporations. Elected officials act as "professional" managers on behalf of the citizenry who "own" the nation. The officials are co-owners along with the citizens, but their rewards from management often far transcend anything they can gain as their share of the general good produced by their contributions to government, just as the corporate managers of Tyco, WorldCom, and Enron gained far more from looting these firms than from the genuine increase in value of the stock they owned. Indeed, they manipulated the market valuation of that stock through accounting misrepresentations in order to enrich themselves, as Berle and Means (1932, 296-7) virtually predict.

In some sense it is not the individual elected officials but the class of them that is

problematic. As John C. Calhoun says, “The advantages of possessing the control of the powers of the government, and thereby of its honors and emoluments, are, of themselves, exclusive of all other considerations, ample to divide ... a community into two great hostile parties” (Calhoun [1853] 1992, 16). The political class are parasitic on the society that they ostensibly serve and that has the power of election over them. Although some representatives may be very well grounded in their constituencies, the reference group for many representatives is far more likely to be their fellow “aristocrats” than the mere-citizen class of their electorates so long as they attend to certain issues of great salience to their constituencies. The supposedly powerful citizenry with its power of election over officials does not have the power to refuse to elect all of them; it can only turn out the occasional overtly bad apple. In the United States, it seldom has the temerity to overcome incumbents’ advantage.[6]

Calhoun spent the last two decades of his life defending slavery and the prerogative of the southern states to maintain slavery. The minority that his writings generally defend was the minority of southern states and their representatives in the national government against the majority of anti-slavery states and their representatives. Some of his central arguments, however, are more generally compelling in the abstract and when applied to many other issues. He argued the case that officials use their offices to serve their private interests nearly a century before Berle and Means made the analogous case for the governance of the modern corporation.

Although the corporate form of organization had precedents in the seventeenth century, the first important manufacturing firm organized that way — with a significant number of stock-holders, all of them minority stock-holders — was the first of the large New England textile mills, organized in Waltham, Massachusetts, in 1813 (Berle and Means 1932, 10-11). This company followed the virtual invention of modern representative government in the US

constitution of 1787 by a quarter century so that, in a sense, the corporate form of control with few managers and large numbers of owners was pioneered by representative government.

The possibility of perversion into corporate democracy was clearly recognized in 1776 by James Iredell, who says that the English House of Commons had become so unrepresentative that it was “separated from, and converted into a different interest from the collective” (quoted in Wood [1969] 1972, 165). He sees this perversion as an example not to be emulated. The House of Commons was a body that represented communities, originally mostly rural communities. One might suppose therefore that it was a model for what many Anti-Federalists wanted. Its distortion into the corporate form was, however, not clearly a result of its communal structure.

Concluding Remarks

Note two ironic implications of seeing like Hayek. First, seeing this way means, in theory, seeing from the bottom up, from local circumstances, although Austrian economic theorizing is as much from top down as any high-modernist theorizing is. Hayek and the Austrians have a very general theory about how knowledge works and where it resides. They may have come to this theory from particular instances that gave them a deeper understanding. But they then go on to apply this theory to many new circumstances and even to the issues of national economic and social policy. Hayek’s most widely read book, *The Road to Serfdom*, was written as a general criticism of the effort to centralize the management of a socialist economy (Hayek 1944). His critique followed directly from his theory of distributed knowledge and hence of the importance of entrepreneurial creativity. He did not need to know anything in particular about the actual Soviet economy to write that book.

Second, the Hayek vision says that there are very many things, even whole classes of things, that the state cannot know. Therefore, any defense or expectations of the state must be built on what it can know, which is more or less the simplified facts of legibility and so forth that Scott discusses. As noted earlier, big institutions can amass aggregate data on a population and on their activities, as do, for example, the Centers for Disease Control in Atlanta. In the end, it is the institution that knows these things, although some of them might be put in an annual report or other document where, in summary form, the facts could be digested by individuals. For the most part, however, few individuals will come to know these data despite their importance in policy design and implementation. Even those who do come to "know" them will at most take the data on faith.

Finally, note that any Austrian economist supposes that we know some fairly general things about people, such as what motivations or kinds of motivations they are likely to have. It is partly their sense of the basically economic motivation of people who are involved in economic enterprises that led the Austrians to deplore Sovietization of the economy and of agriculture. If we switch from individual farms to collective farms, we de facto make the production of the farm a collective provision, the rewards from which must then be allocated among the collective farmers. This makes your contribution to the general product virtually irrelevant to you so that you must now be motivated not by what you gain from your efforts but by what we all collectively gain from our collective effort. To my knowledge, the Austrians did not fully articulate the logic of collective action that runs against the hope of managing and even increasing production by making it collective. Yet if one wishes to say that local knowledge was the crucial problem with collective farms, one must explain why after nearly three generations the requisite local knowledge had still not arisen to run those farms collectively. What had

happened, of course, was the rise of local knowledge to subvert the collective effort by capitalizing on standard individualistic economic incentives. The failure of collectivization was therefore an Austrian failure, a failure of incentives, not a failure to rely on local knowledge.

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[1] This phrase is supposed to describe any acceptable form of democratic representation (Wood [1969] 1972, 172).

[2] This discussion is drawn from Hardin forthcoming.

[3] The House action is not final, because the Senate voted more generous support to high-risk cities. The final legislation will have to be hammered out in a conference committee.

[4] Bryan is perhaps best remembered today for his fundamentalist, anti-evolution views, as trumpeted in his being a lawyer for the state of Tennessee in the infamous Scopes monkey trial, in which a school teacher was convicted of the blasphemy of teaching the Darwinian theory of evolution. Ironically, Bryan's politics was also based on an anti-scientific view of the economy and society. After decades of the steady decline of agriculture until it employed less than a majority of the American workforce, he wanted to stop the decline as though it were the result of simple governmental decisions rather than of agricultural science and technological developments. His political career was founded on brilliant rhetoric and grand ignorance — his own and his followers' ignorance.

[5] This discussion follows Hardin (2004, 178-82).

[6] Consider the 2002 congressional elections in the United States. Only four incumbents in the House of Representatives (which has 435 members, all of whom are elected at two year intervals) lost to non-incumbent challengers (a few incumbents lost to other incumbents because their districts were changed to reflect demographic changes). Overall, ninety percent of

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all candidates won by margins of more than ten percent of the votes cast. When districts are redrawn by a state government after each decennial census (as for the 2002 election), they are often gerrymandered to insure election of the candidates in the state's dominant party. For data, see Richie 2002.