

## In Defense of (Limited) Oligarchy

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In democracies around the world, the rich exercise a disproportionate share of political power. Democratic theorists universally condemn this. The current paper brings balance to this conversation by mustering a defense of limited oligarchy. I have two goals. First, I shall argue that we need not be overly despondent about the wealthy's outsized influence, for overrepresentation of the wealthy performs some good for us, good which might not be entirely obvious at first glance. Second, I hope to temper reform efforts that seek to limit the wealthy's influence. While the people should have a greater say than they currently do, the wealthy's influence should still be greater than what their numbers suggest. I ultimately embrace *oligarchic bicameralism*, an old idea that proposes ordinary persons be represented in the lower chamber of the legislature, and property be represented in the upper. This is accomplished through a combination of sortition and elections.

### Introduction

In democracies around the world, the rich exercise a disproportionate share of political power. This is most extreme in the United States of America, where there is “considerable evidence that elected officials are more responsive to the opinions of affluent constituents than those of middle-class or poor constituents.”<sup>1</sup> This has led some to label the United States an *oligarchy*, rather than a *democracy*.<sup>2</sup> But it is not only the United States that displays oligarchic tendencies. Recent empirical work shows that “around the world, less affluent citizens can

expect their preferences to be less well reflected among their elected representatives than are the views of their more affluent neighbors.”<sup>3</sup>

There is no shortage of work in democratic theory decrying the disproportionate share of political power the rich wield.<sup>4</sup> Recent work goes beyond criticizing the status quo and proposes institutions to remedy our current oligarchic reality. Some seek solace in sortition, the idea that legislatures should be constituted through random selection.<sup>5</sup> Others propose institutions that allow ordinary citizens to exercise oversight more effectively.<sup>6</sup> Some think we should empower local citizen assemblies.<sup>7</sup> Others have argued that we should force legislators to vote by secret ballot to limit the influence of the rich.<sup>8</sup>

To my knowledge there is no contemporary political philosopher who *defends* the wealthy’s disproportionate share of political influence. This was a common view throughout history, however. There was once no shortage of persons who insisted on restricting the franchise to those who met a wealth or property requirement. While justifications for bicameralism are diverse, some in the past thought the purpose of a second chamber was to represent the interests of the propertied.

In this essay I shall muster an argument in defense of limited oligarchy. Let me first be very clear about what I am not doing. I will not argue that wealth or property restrictions should be placed on suffrage, nor will I argue that wealth or property qualifications should be placed on holding political office. Rather, my goals are twofold.

First, I shall argue that we need not be *overly* despondent about the wealthy’s outsized influence on politics in modern democratic societies. There are reasons to be upset about it, but there are also reasons to think that overrepresentation of the wealthy performs some good for us, good which might not be entirely obvious at first glance.

Second, I hope to temper proposals that seek to limit the wealthy's influence. I am in favor of many proposals that hope to elevate the voices of ordinary citizens and limit the wealthy's outsized influence in democratic government. However, I shall argue that we ought not go *too far* with this. The people should have a greater say than they currently do, but the wealthy's influence should still be greater than what their numbers suggest.

Here is the structure of the paper. The next section offers a *pro tanto* argument for why the wealthy should wield disproportionate political power. The basic idea is that protecting property rights is essential for achieving economic growth, and the wealthy are natural guardians of property. On the flipside, if the propertyless<sup>9</sup> majority are politically decisive then we cannot rest assured property rights will be secure. The section after presents two arguments for why the wealthy should *not* wield disproportionate political power. Beyond the obvious fact that the propertyless majority have interests completely foreign to the wealthy, rule by the wealthy can also *harm* economic growth. Though the wealthy will likely protect property rights, they are also likely to erect barriers to entry in the marketplace that limit competition, thereby ossifying their privileged economic position. Limitations on innovation and creative destruction are inimical to economic progress, however. With arguments pointing in both directions, what to do? I propose a solution in the final section.

### Why the Wealthy Should Wield Disproportionate Political Power

Democracy and property sit in an uneasy relationship. This is best illustrated by looking back on debates over expanding the franchise. Initially, the right to vote was almost always tied to property. Some, however, thought suffrage should be granted to all regardless of their economic status. A common response to this position was that expanding suffrage to the

propertyless would place property holders in grave danger.<sup>10</sup> The argument behind this claim is simple and intuitive. Those who possess large property holdings are in the minority. Those who possess little or no property are in the majority. Democracy gives power to the majority. So, enfranchising the propertyless will inevitably lead to expropriation of the wealthy's property.

Why is this a bad thing? The worry is that stable and secure property rights are a necessary ingredient for economic growth, and economic growth is good. The first claim—that stable and secure property rights are a necessary ingredient for economic growth—is embraced by many economists.<sup>11</sup> By “stable and secure” I mean that property holders must be confident that what they own today they will own tomorrow, unless they voluntarily alienate it. Property owners need this confidence because without it they will not use their property productively and produce wealth. Why build a factory if it might be nationalized? Why plant a thousand acres of wheat if your land might be taken? As economists J. Bradford DeLong and Andrei Schleifer summarize it: “economies in which security of property is lacking ... should experience relative stagnation. By contrast, economies in which property is secure ... should prosper and grow.”<sup>12</sup>

The second claim—that economic growth is a good thing—admits several defenses: economic growth increases happiness,<sup>13</sup> economic growth helps persons lead objectively good lives independent its effect on their happiness,<sup>14</sup> economic growth has a positive impact on our political attitudes and institutions,<sup>15</sup> and economic growth naturally follows if we adhere to the basic precepts of commonsense morality.<sup>16</sup>

With these preliminary remarks out of the way I can now state a simple argument for why the wealthy should wield disproportionate political power. Economic growth is good, and we ought to structure our economic and political institutions to encourage it. A key ingredient for economic growth is stable and secure property rights. People must feel confident that they will

part with their property only when they voluntarily choose to do so. If they don't harbor this confidence, then they are unlikely to invest productively. The wealthy have an interest in protecting property rights because they are holders of property. If property rights go unprotected, they face significant losses. Thus, if the wealthy are politically decisive, then property rights will be secure. By contrast, the propertyless majority have less incentive to ensure that property rights are secure and may even have incentive to expropriate property. Thus, if the propertyless majority are politically decisive, then there will be insecure property rights and less economic growth.

Let's consider some responses to this argument. One response goes like this: once the propertyless majority expropriate the resources of the wealthy minority and redistribute them equally, *then* property rights will be secure, and growth will occur. This response will not do. The problem is that there is no *credible commitment* to avoid further expropriation once the initial precedent is set.<sup>17</sup> Even when property holdings start off equal, inequality will soon arise through ordinary market exchanges. This was Robert Nozick's criticism of so-called "patterned" theories of distributive justice and has been empirically confirmed in the case of land holdings specifically.<sup>18</sup> Knowing that inequality is not far around the corner, beneficiaries of the initial expropriation will not feel secure in their holdings. If they turn their equal endowment into a fortune, won't the fortuneless majority just expropriate it like before? If there is a reasonable chance they will, then there is little incentive to be productive with one's equal endowment.

Another response to my argument says that if stable property rights are so important for economic growth, then the propertyless majority will not disrespect them. Economic growth, after all, is the tide that lifts all boats. If the propertyless majority expropriate property then they will be worse off in the long run, even though they are the immediate beneficiaries of the

redistribution. Though they get a piece of the expropriated pie today, conditions for baking a larger pie tomorrow are diminished. Knowing this, the propertyless majority will exercise restraint in the voting booth.

There are two reasons to be skeptical of the claim that the propertyless majority will exercise restraint. First, the reasoning articulated in the paragraph above requires advanced economic knowledge. Ordinary persons must know that large-scale expropriation will be harmful in the long run, and that this harm will outweigh any short-term benefits. But there is no reason to think ordinary persons without advanced education in economics will know this. Indeed, empirical evidence suggests that ordinary persons often hold views on economic questions that widely diverge from economic orthodoxy.<sup>19</sup> We cannot trust ordinary voters to know complicated economic truths.

Beyond this, it is well-known that democratic institutions incentivize short-term thinking. There are many reasons why: the poverty of information about long-term outcomes, the fragile nature of long-term political commitments, the challenge of imposing investment costs on organized groups, voters have high discount rates, politicians only care about the next election, older persons (who care less about the future) have more political power, and future generations have no voice or vote.<sup>20</sup> Thus, *even if* the propertyless majority knew the negative economic consequences that follow from mass expropriation, they might *still* pursue such a policy, because the short-term benefits are significant despite the long-run harms.

One final response to my argument: these concerns about mass expropriation by the propertyless majority are simply unfounded. We know this because we *did* end up granting the franchise to the propertyless, and (most of the time) catastrophic economic consequences did not

follow. In fact, the most prosperous countries in the world are democracies with universal suffrage.

In response, keep in mind what I said to open this paper: we know, empirically, that most democracies grant disproportionate political power to the wealthy even though all persons have equal formal political power. Why this happens is somewhat of a mystery and discussed in more depth below. The point here is that the world the opponents of universal suffrage worried about never came to fruition because democracy with genuine political equality never came to fruition. Opponents of universal suffrage were concerned that expanding the franchise meant the interests of the wealthy would get drowned out due to their small numbers and property rights would suffer. Universal suffrage was granted, but the interests of the wealthy still reign supreme. We don't know what will happen if the wealthy's influence is proportionate to their numbers. This section, though, has given us some reason to worry about such a world.

We thus have a *pro tanto* argument for granting the wealthy a disproportionate share of political power. It is not because they are smarter or in any sense better than the propertyless masses. Some have made this claim historically, but I am not. Rather, it is an incentive-compatibility argument I am making. Protecting property rights is crucial for achieving economic growth, and economic growth is good. The wealthy have an interest in protecting property rights. If property rights are violated, they are the biggest and most immediate losers. So, if the wealthy are politically decisive, then they will ensure property rights are secure. In this way, granting the wealthy disproportionate political power facilitates economic growth. Perhaps the current status quo in many democratic societies—again, where the wealthy exercise disproportionate political power—is not such a bad thing.

There is some empirical and historical work in development economics that supports my theoretical argument. Why did explosive economic growth first occur in England in the seventeenth century? According to Douglass C. North and Barry R. Weingast, there was a shift in political institutions. After the English Civil War and Glorious Revolution, the power of the monarch was diminished. Power shifted to Parliament. Importantly, “the institutional innovations increased dramatically the control of wealth holders over the government.”<sup>21</sup> Because “Parliament represented wealth holders, its increased role markedly reduced the king’s ability to renege ... As a consequence the new institutions produced a marked increase in the security of private rights.”<sup>22</sup>

Daron Acemoglu, Simon Johnson, and James Robinson advance a similar thesis. Their question is why some European countries—such as Britain and the Netherlands—saw explosive growth between 1500 and 1800, while others—such as Spain and Portugal—did not. Similar to North and Weingast, the authors point to political institutions that constrained the monarchy. However, they note that the new political institutions mostly enfranchised “commercial interests (including large segments, but not all, of the merchants and the gentry).”<sup>23</sup> The “victory of Parliament in the Civil War and after the Glorious Revolution introduced major checks on royal power and strengthened the rights of merchants. After the Civil War, the fraction of MPs who were merchants increased dramatically.”<sup>24</sup> In an important footnote the authors write:

It is important to note that these new political institutions neither protected the rights of all citizens nor were [they] democratic. They can best be characterized as oligarchic, since they increased the political power of wealthy merchants, and at least in the British case, of the gentry and nascent industrial interests. Nevertheless, they constituted a



distinct improvement over the previous set of institutions, which placed many fewer checks on the power of the monarchy.<sup>25</sup>

So, why Britain and the Netherlands but not Spain and Portugal? Because political changes in the former countries enfranchised wealthy interests who protected property rights. Such changes did not occur in the latter countries.<sup>26</sup>

Overrepresenting the wealthy also helped secure lower interest rates on sovereign borrowing. Oftentimes, unconstrained monarchs faced a kind of paradox of privilege: because they were all-powerful, they could renege on paying back lenders (a kind of property rights violation). This resulted in high interest rates—a risk premium—that made borrowing expensive.<sup>27</sup> What changed? According to David Stasavage, one very important factor was that creditors found themselves overrepresented in legislatures, legislatures that now had power to constrain the sovereign. Because creditors were overrepresented, and because these creditors had an interest in the sovereign paying back his debts, they prevented him from violating his contractual obligations. This discipline made sovereign borrowing less risky, thereby lowering interest rates. In Stasavage's words:

... preferential access to credit enjoyed by city-states stemmed not only from their economic characteristics but also from the presence of merchant political control. We also see clear evidence here that within the group of city-states, greater closure in the system of representation was actually associated with lower costs of borrowing. Overall, the best thing for access to credit appears to have been a merchant oligarchy.<sup>28</sup>

Once again, we see that overrepresentation of those who hold property rights—this time, a right to the performance of a contractual obligation by the sovereign—resulted in beneficial economic

outcomes. The newfound stability of the relevant rights created greater certainty and hence greater opportunities for mutually beneficial exchange.

### Why the Wealthy Should Not Wield Disproportionate Political Power

The last section presented a simple argument for why the wealthy should wield disproportionate political power. This argument is *pro tanto*, so competing considerations can overturn its conclusion. And indeed, there are strong competing considerations that point in the opposite direction. This section presents two arguments for why the wealthy should *not* wield disproportionate political power. The first is obvious, the second less so.

Here is the first argument: the wealthy will often have interests that conflict with the interests of the propertyless majority. If the wealthy are politically decisive, then the interests of ordinary persons (when they conflict with the interests of the wealthy) are completely ignored. There is something deeply objectionable, though, about a political system that only responds to the interests of a small segment of the population. Now in the prior section I argued that, in cases of property rights protection, the interests of the wealthy *should* carry the day. The wealthy want secure property rights and the propertyless majority want expropriation and redistribution. Economic growth considerations say that in these sorts of cases the preferences of the wealthy should win out.

But there are many dividing lines between the wealthy and the propertyless and by no means am I suggesting that the wealthy's preferences should carry the day on these other issues. The wealthy have no need for social safety nets, but the masses do. If the wealthy rule, there will be inadequate social safety nets. The wealthy are less likely to use public transportation and thus

see less need for infrastructure spending; the masses ride the subway and want better infrastructure. If the wealthy rule, then our public transit will be in a state of disrepair. There could be social issues that divide along class lines. The wealthy might not care about abortion or religious freedom, yet the masses do. For these kinds of issues, there is absolutely no reason why the interests of the wealthy should always carry the day. But if the wealthy are politically decisive, their interests *will* always carry the day.

A less obvious argument says that allowing the wealthy to be politically decisive may actually *inhibit* economic growth. This may seem paradoxical given the argument in the prior section. It is not. Acemoglu has an important paper highlighting the relevant trade-off.<sup>29</sup> In agreement with my argument in the prior section, Acemoglu notes that, initially, pure oligarchy may outperform pure democracy in terms of economic growth. This is because pure oligarchy, by enfranchising the wealthy, will better protect property rights and thus encourage productivity.

But there is a double-edged sword here. Because the wealthy have all the political power in a pure oligarchy, they can use the apparatus of the state to protect their privileged economic position. As an example, suppose Althea is a wealthy economic elite who made her fortune selling textiles. There are others who threaten her economic position: they are trying to produce better textiles at a lower cost that, if successful, would dissipate Althea's market power. To prevent this, Althea (because she holds all the political power) can set up laws that block competitors from entering the marketplace.

These barriers to entry are inimical to growth.<sup>30</sup> At the heart of the market system is the idea of *creative destruction*. Entrepreneurs must always discover new innovations that disrupt the status quo. These innovations provide better products at lower costs, improving the welfare of all. Joseph Schumpeter writes that the market system must constantly be “revolutionized *from*

*within* by new enterprise, i.e., by the intrusion of new commodities or new methods of production or new commercial opportunities into the industrial structure as it exists at any moment.”<sup>31</sup> Without creative destruction there will be stagnation. The wealthy set up monopolies that benefit themselves and do not improve the welfare of all. Economic progress is forgone because innovative entrepreneurs are not allowed to have a go. Indeed, many decry the fact that advanced democracies—where, again, we know the wealthy wield disproportionate political power—are turning into captured economies, with slow growth due to lack of innovation.<sup>32</sup>

So, we have a trade-off. Pure oligarchies will protect property rights but will also distort the market by setting up barriers to entry that benefit current economic elites. Pure democracies are unlikely to protect the privileged few through barriers to entry but threaten the security of property through mass expropriation.<sup>33</sup> Writes Acemoglu:

Oligarchic societies not only protect the property rights of producers and prevent high levels of distortionary taxation, they also enable the politically powerful elites to create a non-level playing field and a monopoly position for themselves. In contrast, democratic societies eschew the entry barriers that protect incumbent elites but create economic distortions in order to achieve a more egalitarian distribution of resources.<sup>34</sup>

There is, then, no paradox. Granting the wealthy disproportionate political power supports economic growth in one sense—through the protection of property rights. A pure form of democracy does worse across this metric. Granting the wealthy disproportionate political power inhibits economic growth in a different sense—by placing barriers to entry on the marketplace. Pure democracy does better here.

From this section and the last it is clear that there are at least three desiderata any political order should satisfy. They are:

(1) The wealthy should have sufficient political power to ensure property rights are stable and secure.

(2) The views of ordinary (i.e., not wealthy) persons should be represented, and should have a significant influence on policy.

(3) Those without significant economic power should have sufficient political power to prevent economic elites from establishing monopolies and barriers to entering the marketplace.

One might think that all three desiderata cannot be mutually satisfied. I disagree. In the next section I sketch an institutional arrangement that, I argue, satisfies all three desiderata. To do so I revive an old idea that strikes a middle ground between pure oligarchy and pure democracy that is also more egalitarian than the current status quo in democratic societies: oligarchic bicameralism.

### Oligarchic Bicameralism

Bicameralism is an institutional arrangement in which legislative power is separated into two chambers. Why have two legislative chambers instead of one? Justifications for bicameralism are diverse.<sup>35</sup> One thread of argument says the purpose of the lower house is to represent the will of the people, while the purpose of the upper house is to represent the interests of wealth and property. Call *oligarchic bicameralism* an institutional arrangement where the interests of ordinary persons are represented in the lower chamber of the legislature and the interests of property are represented in the upper. Oligarchic bicameralism is not popular today,

but it was historically. In fact, bicameralism was first established in England with the explicit aim of representing different social classes.<sup>36</sup>

I will argue that oligarchic bicameralism satisfies the three desiderata introduced at the end of the prior section. But before I do that, I first need to describe some of the nuts and bolts of the proposal. To begin, what selection mechanisms does oligarchic bicameralism rely on to ensure the interests of ordinary persons are represented in the lower chamber and the interests of property are represented in the upper chamber?

In terms of selection mechanisms for the upper chamber, there are a few options. The most obvious is to fix a property qualification one must meet to be eligible for service in the upper house. George Mason proposed this at the Constitutional Convention. Because “one important object in constituting the Senate was to secure the rights of property,” he “suggested therefore the propriety of annexing to the office a qualification of property.”<sup>37</sup> A different approach says those serving in the upper chamber should not receive compensation for their service. By not offering compensation, only those who are independently wealthy will be able to serve. Charles Pinckney argued for this in contrast to Mason’s proposal: “if no allowance was to be made the wealthy alone would undertake the service [in the Senate].”<sup>38</sup> Finally, Abraham Baldwin argued that “in forming [the Senate] therefore some reference ought to be had to the relative wealth of their Constituents.”<sup>39</sup> While this proposal is not fully clear, the idea seems to be that wealthier districts should appoint more senators, thereby overrepresenting the wealthy’s interests.

Many will find these proposals unpalatable. Luckily, they are unnecessary. As I noted in the introduction, there is substantial empirical evidence that ordinary democratic elections around the world consistently produce legislatures in which the wealthy’s interests are

overrepresented. There is no consensus on why this happens, but a variety of hypotheses are offered: the role of money in politics,<sup>40</sup> the fact that it is the wealthy who tend to run for office and get elected,<sup>41</sup> the fact that the wealthy are more informed politically,<sup>42</sup> the fact that wealthy citizens participate more,<sup>43</sup> the wealthy's capacity to form efficacious political parties,<sup>44</sup> and more. The point is that we don't need novel institutional mechanisms to select an oligarchic upper chamber. The mechanism to accomplish this is right in front of us: elections. This should be no surprise. In what has now become a classic in political theory, Bernard Manin argues that elections were initially understood as aristocratic.<sup>45</sup> To constitute an oligarchic upper chamber, we should select its members in the way nearly all democracies currently select legislators.

If elections tend to grant the wealthy disproportionate political power, then what mechanism should be used to select the lower chamber, where the interests of ordinary persons are supposed to be represented? The most promising option is sortition. Sortition constitutes a legislature by randomly selecting a set number of persons from the eligible population and then having them serve as legislators. Political philosophers seem to agree that if the goal is to represent ordinary people, then the best selection mechanism on offer is lottery. Alexander Guerrero writes that "because individuals are chosen at random from the jurisdiction, they are more likely to be an ideologically, demographically, and socioeconomically representative sample of the people in the jurisdiction than those individuals who are capable of successfully running for office."<sup>46</sup> Hélène Landemore agrees with him, arguing that sortition would ensure "a statistical similarity of thoughts and preferences of the rulers and the ruled."<sup>47</sup>

The proposal, then, is for a lower house representing ordinary persons selected by lottery and an upper house representing wealth and property selected by elections. This institutional arrangement is proposed by Arash Abizadeh in a recent paper, but for reasons different than

those that motivate me.<sup>48</sup> Abizadeh wants a randomly selected chamber to realize the ideal of political equality, as everyone has an equal chance of serving in office. He wants an elected chamber so the people can exercise political agency and hold their representatives accountable. I propose a chamber selected by lottery so the views of ordinary persons are represented in the legislature. I propose a chamber selected by elections because elections tend to result in the wealthy wielding a disproportionate share of political power, and the wealthy are the natural guardians of property.

What should the relationship be between the two houses? In *strong* bicameral arrangements the two chambers have equal power.<sup>49</sup> Typically, this means both houses must pass a bill for it to become law. We see this in the United States, where both the House of Representatives and the Senate must assent to legislation. By contrast, in *weak* bicameral arrangements one chamber has more power than the other (typically it is the lower house with more power).<sup>50</sup> As an example, in the current (but not historic) British Parliament the House of Commons passes legislation and the House of Lords has only the power to delay. I favor a strong bicameral system, where the randomly selected lower chamber and the elected upper chamber must both pass a bill for it to become law.

I am now in a position to argue that oligarchic bicameralism, as I have described it, satisfies the three desiderata introduced in the prior section.

Let's start with the first desideratum, which says the wealthy should have sufficient political power to ensure property rights are stable and secure. Quite clearly, the arrangement I have described will achieve this. If elections proceed as they currently do in contemporary democracies, then the wealthy will be overrepresented in the upper chamber. Because of this, any proposal passed by the lower chamber to significantly alter property rights will be rejected.



The strong bicameral arrangement I favor essentially gives each house veto power over the other. Since the wealthy will wield disproportionate political power in the upper chamber, and since they have a strong interest in secure property rights, any proposal that alters these rights significantly will be vetoed. By virtue of the oligarchic upper chamber, property rights will be stable and secure.

Now let's turn to the second desideratum, which says the views of ordinary (i.e., not wealthy) people should be represented, and should have a significant influence on policy. The views of ordinary people will be represented in the randomly selected lower chamber; this much is clear. The question, however, is whether these views will have a significant enough impact on policy. Since both chambers must agree to pass legislation in a strong bicameral system, successful bills are a compromise between the two houses—in technical terms, successful bills lie between the ideal points of both chambers.<sup>51</sup> One might worry this renders the impact ordinary persons have on policy too insignificant.

Consider an issue like abortion. Suppose views on abortion divide along class lines, with the propertyless majority and the wealthy minority holding divergent positions. In a strong bicameral arrangement, abortion policy will be a compromise between the two camps. Some might find this objectionable, however, because the lower chamber represents far more people than the upper chamber does. Another way of putting it is that the bicameral arrangement I propose forces ordinary people to give up *too much* in terms of their influence on policy. As a result, the influence on policy ordinary persons exert is not significant enough to satisfy the second desideratum.

There are ways to bias the interests of one house over the other in a strong bicameral arrangement. If all things are equal, then the compromise between the two houses will lie

directly between the ideal points of both houses—in other words, both houses will make roughly equal concessions. Yet, if one chamber is more *impatient* than the other—that is, if one chamber wants to pass a policy with greater urgency than the other chamber does—then the impatient chamber will make more concessions, and the patient chamber will get more of what they want.<sup>52</sup> Therefore, to exalt the impact the lower chamber has on policy, we can design institutions to ensure the upper chamber will be more impatient than the lower chamber.

In all likelihood, the selection mechanisms I have proposed already achieve this to some extent. If you are elected, and if you are running for reelection, then there is a sense of urgency to get things done so you can brag to your constituents about your successes in office.<sup>53</sup> Those who are selected by lottery do not face the pressure of reelection. They serve one term in office and are then replaced with a new randomly selected group. So, in the model as I have already described it, the elected upper chamber will probably be more impatient than the lower chamber.

Even more can be done to affect the balance of patience, however. Terms for the upper chamber can be quite short—say, two years—while terms for the lower chamber can be longer—say, four years. In this case, members of the upper chamber will want to get things done rather quickly, making them impatient. Those in the lower chamber have a longer tenure in office to accomplish their policy goals, so they can afford to wait. This, along with the different selection mechanisms, should give an advantage to the lower chamber in its negotiations with the upper chamber, enough for us to claim that the impact ordinary persons have on policy is significant enough for the second desideratum to be satisfied.<sup>54</sup>

We can now turn to the third and final desideratum, which says those without significant economic power should have sufficient political power to prevent economic elites from establishing monopolies and barriers to entering the marketplace. This is accomplished through

the lower chamber's veto on the upper chamber. Representing the interests of the wealthy, the upper chamber will try to pass policies that stifle competition, thereby ossifying the market power of current economic elites. Most members of the lower chamber will find these sorts of policies objectionable. Such policies, after all, create an unlevel playing field between the kinds of persons occupying the lower chamber and the kinds of persons occupying the upper chamber. It is difficult to imagine anyone voluntarily accepting such an uneven playing field when they have the power to reject it. Of course, because policies passed are a compromise between the upper and lower houses, it is likely that some market-distorting policies will get through. However, given the advantages the lower chamber has in negotiations (as outlined above), I expect such policies to be rare.

To sum up, oligarchic bicameralism satisfies our three desiderata. The wealthy will hold sufficient political power to ensure property rights remain secure. This is a boon for economic growth. Ordinary persons will still have their interests represented and will be able to significantly impact public policy. Finally, there are guardrails to protect against market distortions that favor the current economic elite. This is another boon for economic growth. There are thus strong reasons to embrace oligarchic bicameralism.

Many will find oligarchic bicameralism unpalatable. Note, however, that it is more egalitarian than many contemporary democracies. Most democracies select all representatives by election. When the legislature is bicameral, members of both houses are typically selected by election, the main difference between the houses being length of term and size of the constituency.<sup>55</sup> Given the oligarchic tendencies of elections, my proposal is actually *less* oligarchic than the status quo. Ordinary people will have a greater say in my model through a randomly selected lower chamber. However, and *contra* many proposals in the current literature

that seek to make our democracies perfectly egalitarian, the wealthy will still have an outsized say in my model through the elected upper chamber. This is a feature, not a bug. My proposal is thus *more* egalitarian than the status quo, but *less* egalitarian than the ideals embraced by many democratic theorists.

### Conclusion

In democracies around the world, the wealthy exercise a disproportionate share of political power. Democratic theorists universally condemn this. I have sought to bring balance to this conversation in the current paper. The wealthy's disproportionate share of political power provides at least one very important benefit: property rights—the engine of economic growth—will be stable and secure. Nonetheless, I have also highlighted reasons to reject the wealthy's disproportionate share of political power.

Ultimately, the best thing to do (in my view) is embrace a bicameral arrangement in which ordinary people are represented in one chamber of the legislature and wealthy persons are represented in the other. This, I think, strikes a reasonable balance between the benefits and harms of pure oligarchy and pure democracy respectively. Even if my institutional proposal is rejected, however, I hope at the very least to have shown why we ought not be overly despondent about the wealthy's outsized influence in contemporary democracies. I also hope to have convinced reformers that they ought not be too radical in their aspirations.

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## Notes

The author would like to thank Rosolino Candela for feedback on an earlier version of the manuscript

<sup>1</sup> Bartels, *Unequal Democracy*, 248. For similar findings see Gilens, “Inequality and Democratic Responsiveness”; Flavin, “Income Inequality and Policy Representation in the American States”; Gilens, *Affluence and Influence*; Rigby and Wright, “Political Parties and Representation of the Poor in the American States”; Gilens and Page, “Testing Theories of American Politics.”

<sup>2</sup> Winters and Page, “Oligarchy in the United States?”

<sup>3</sup> Lupu and Warner, “Affluence and Congruence: Unequal Representation around the World,” 286. For similar findings see Giger, Rosset, and Bernauer, “The Poor Political Representation of the Poor in a Comparative Perspective”; Bernauer, Giger, and Rosset, “Mind the Gap”; Peters and Ensink, “Differential Responsiveness in Europe”; Schakel, Burgoon, and Hakhverdian, “Real but Unequal Representation in Welfare State Reform”; Schakel, “Unequal Policy Responsiveness in the Netherlands.”

<sup>4</sup> Brighthouse, “Egalitarianism and Equal Availability of Political Influence”; Cohen, “Money, Politics, and Political Equality”; Christiano, “Money in Politics.”

<sup>5</sup> Guerrero, “Against Elections”; Landemore, *Open Democracy*.

<sup>6</sup> McCormick, *Machiavellian Democracy*; Bagg, “Sortition as Anti-Corruption.”

<sup>7</sup> Vergara, *Systemic Corruption*.

<sup>8</sup> Kogelmann, *Secret Government*, ch. 2.

<sup>9</sup> I will often use the term “propertyless” throughout this paper and want to be very clear about what I mean. In developed societies, all persons—even the impecunious—own property of some kind, such as a cell phone, car, furniture, personal belongings, and so on. When I use the term “propertyless” I refer to those who do not own, or own very little, *productive property* or *capital*.

<sup>10</sup> Przeworski, *Why Bother with Elections?*, ch. 3.

<sup>11</sup> North and Thomas, *The Rise of the Western World*; North, *Structure and Change in Economic History*; DeLong and Schleifer, “Princes and Merchants”; Knack and Keefer, “Institutions and Economic Performance”; Hall and Jones, “Why Do Some Countries Produce So Much More Output per Worker than Others?”; Acemoglu, Johnson, and Robinson, “The Colonial Origins of Comparative Development”; Acemoglu, Johnson, and Robinson, “Reversal of Fortune”; Acemoglu and Johnson, “Unbundling Institutions”; Acemoglu and Robinson, *Why Nations Fail*; Cooter and Schäfer, *Solomon’s Knot*.

<sup>12</sup> DeLong and Schleifer, “Princes and Merchants,” 671. Saying that property rights ought to be stable and secure does not imply that all redistribution is harmful to economic growth. The economists just cited would probably have no qualms, for instance, with a reasonable progressive tax on income to serve the general welfare. Yet, there is a world of difference between a progressive tax on the incomes of the wealthy and nationalizing the wealthy’s firms, factories, and farms. The latter makes persons insecure in their property while the former does not.

<sup>13</sup> Stevenson and Wolfers, “Subjective Well-Being and Income.”

<sup>14</sup> Moller, “Wealth, Disability, and Happiness.”

- <sup>15</sup> Friedman, *The Moral Consequences of Economic Growth*.
- <sup>16</sup> Kogelmann, “We Must Always Pursue Economic Growth.”
- <sup>17</sup> North, “Institutions and Credible Commitment”; Weingast, “Constitutions as Governance Structures”; Boettke, “Institutional Transition and the Problem of Credible Commitment.”
- <sup>18</sup> Nozick, *Anarchy, State, and Utopia*, 160-164; Leonard and Kogelmann, “Does Equality Persist?”
- <sup>19</sup> Caplan, “What Makes People Think Like Economists?”; Caplan, “Systematically Biased Beliefs about Economics.”
- <sup>20</sup> Jacobs, “Policy Making for the Long Term in Advanced Democracies,” 438; MacKenzie, “Institutional Design and Sources of Short-Termism,” 25-30.
- <sup>21</sup> North and Weingast, “Constitutions and Commitment,” 817.
- <sup>22</sup> North and Weingast, “Constitutions and Commitment,” 804.
- <sup>23</sup> Acemoglu, Johnson, and Robinson, “The Rise of Europe,” 564
- <sup>24</sup> Acemoglu, Johnson, and Robinson, “The Rise of Europe,” 564.
- <sup>25</sup> Acemoglu, Johnson, and Robinson, “The Rise of Europe,” 550n5.
- <sup>26</sup> DeLong and Schleifer further find that European city-states with “more restricted governments that give a voice or a constitutional veto to merchants or assemblies of landed magnates are systematically associated with much faster urban growth.” See DeLong and Schleifer, “Princes and Merchants,” 674.

<sup>27</sup> Kuran and Rubin, “The Financial Power of the Powerless.”

<sup>28</sup> Stasavage, *States of Credit*, 93; See also Stasavage, *Public Debt and the Birth of the Democratic State*.

<sup>29</sup> Acemoglu, “Oligarchic versus Democratic Societies.”

<sup>30</sup> Parente and Prescott, “Monopoly Rights”; Zingales, *A Capitalism for the People*; Philippon, *The Great Reversal*.

<sup>31</sup> Schumpeter, *Capitalism, Socialism, and Democracy*, 31.

<sup>32</sup> Olson, *The Rise and Decline of Nations*; Zingales, *A Capitalism for the People*; Lindsey and Teles, *The Captured Economy*; Philippon, *The Great Reversal*.

<sup>33</sup> Also on this trade-off see Stasavage, *States of Credit*, 164.

<sup>34</sup> Acemoglu, “Oligarchic versus Democratic Societies,” 2-3.

<sup>35</sup> Waldron, *Political Political Theory*, ch. 4.

<sup>36</sup> Tsebelis and Money, *Bicameralism*, ch. 1.

<sup>37</sup> Madison, *Notes of Debates in the Federal Convention of 1787*, 200.

<sup>38</sup> Madison, *Notes of Debates in the Federal Convention of 1787*, 198.

<sup>39</sup> Madison, *Notes of Debates in the Federal Convention of 1787*, 219.

<sup>40</sup> Gilens, *Affluence and Influence*, 239; Bartels, *Unequal Democracy*, 267

<sup>41</sup> Carnes and Lupu, “Rethinking the Comparative Perspective on Class and Representation.”

<sup>42</sup> Erickson, “Income Inequality and Policy Responsiveness.”



<sup>43</sup> Schlozman, Verba, and Brady, *The Unheavenly Chorus*.

<sup>44</sup> Ziblatt, *Conservative Parties and the Birth of Democracy*.

<sup>45</sup> Manin, *The Principles of Representative Government*.

<sup>46</sup> Guerrero, "Against Elections," 167.

<sup>47</sup> Landemore, *Democratic Reason*, 108.

<sup>48</sup> Abizadeh, "Representation, Bicameralism, Political Equality, and Sortition."

<sup>49</sup> Cooter, *The Strategic Constitution*, 185.

<sup>50</sup> Cooter, *The Strategic Constitution*, 185.

<sup>51</sup> Tsebelis and Money, *Bicameralism*, 74, 85.

<sup>52</sup> Tsebelis and Money, *Bicameralism*, 100.

<sup>53</sup> Tsebelis and Money, *Bicameralism*, 99.

<sup>54</sup> Though the lower chamber has a bargaining advantage in its negotiations with the upper chamber, I do not expect this to cause problems for the first desideratum. Though the upper chamber will be more impatient and thus willing to make more concession in policy negotiations, there are some policy issues that persons are *never* willing to make concessions on. For persons who possess significant wealth, the stability and security of property rights falls into this camp.

<sup>55</sup> George Tsebelis and Jeannette Money note that there are four ways of selecting members to upper chambers used in democracies around the world: heredity, appointment, indirect election, and direct election. However, they note that most upper chambers around the world use either direct or indirect election. See Tsebelis and Money, *Bicameralism*, 46-47.

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