

The Constitutional Democracy. From individual values to social choice.

In 1951, the Nobel Memorial Prize in Economics Kenneth Arrow proved his famous “*impossibility theory*”: there is no voting rule under which one option emerged as the most preferred to people. The *Arrow Paradox* involves reasonable requirements for a fair voting rule:

- *non – dictatorship*, the voting rule cannot simply mimic the choice of a single voter;
- *unrestricted domain*, any set of individual voting preferences represents a complete ranking of societal choices;
- *independence of irrelevant alternatives*, the social preferences depend only on the individual preferences. Changes in individual rankings of irrelevant alternatives should have no impact on the social ranking;
- *Pareto efficiency*, if an individual prefers a certain option to another this is the resulting societal preference order.

The purpose of this paper is based on the Arrow paradox: just demonstrating it is impossible to find a fair and coherent voting rule. Decision making rules are very important because Constitutional Democracy needs a conversion from individual values to collective choice. This is a modern issue because we still have not a fair and coherent conversion theory; that is the reason why we have to talk of an imperfect democracy.

First of all, the start point of this paper is the *individualism*. According to this theory, State and social groups are created from individual goals and preferences. Independence and self – reliance are fundamental in order to make the individual as focus of individualism. The political scientist **Joseph Schumpeter** was one of the first political scientists talking about an individualistic theory. He also wrote about an entrepreneur spirit to advocate individualistic actions: the efforts of entrepreneurs are “*the doing of new things or the doing of things that are already been done in a new way*”. The reverse of individualism is the collectivism. According to this philosophic theory, the interdependence of human beings is the base of State and social groups. The priority of group goals and values over individual goals and values is the aim of collectivism. There are many different types of governments or political and economic philosophies based on collectivist theory; we could find them in a socialist or communist government.

The rational choice of the individual is important to explain what individualism is and why we need to start from this viewpoint.

Social choices can be made by two different methods:

1. *Voting*, typically used to make political decisions;
2. *Market mechanism*, typically used to make economic decisions.

These methods can be used in a capitalistic democracy. Perhaps, there are two more methods to make social choices: dictatorship and convention. In their formal structure, there is a certain absence of voting or market mechanism. A dictatorship is a form of government led by an individual; he is the one involved in choice. On the other hand, in an ideal society ruled by convention there is a divine will or a common will of all individuals concerning social decisions. The methods of voting and market amalgamate different tastes of individuals in the making of social choices. Meanwhile, in the methods of dictatorship or convention no individual conflict is involved: there is not competition. The dictator, like the usual economic man, can always makes a decision confronting a range of alternatives; he will make the same decision each time he is faced with the same range of alternatives. Analyzing a social decision method that involves many individuals, the problem of arriving at consistent decisions is the same we could find in the market mechanism. The formal existence of methods to aggregate individual preferences is our start point: we need to transform individual values in a coherent and fair political action. *Frank Knight* has stressed the analogy between voting and the market: they involve collective choice among a limited range of alternatives. Something is different between voting choice and market methods; according to Knight's opinion, there is a greater tendency toward inequality under voting than under the market. These differences are largely of a psychological type: they are not relevant in our analysis.

The economists use to measure utilities in order to understand the individual choices in a market mechanism. The problem is that there is no meaning in the measurability of individual utility. The viewpoint will be taken here is the following: interpersonal comparison of utilities has no meaning. These are the reasons why we will assume that the behavior of an individual in making choices is describable by means of a preference scale without any cardinal significance, either individual or interpersonal. We will use a preference scale with

ordinal significance to describe how individual values become a collective choice through a voting method.

Secondly, we will assume all the logical foundations of a constitutional democracy. The *calculus of consent* analyzed by **Buchanan** and **Tullock** presents the basic principles of the public choice theory in economics and political science. Our approach is based on *methodological individualism*; this paper will maintain this philosophy when we are going to talk about the democratic theories too.

According to the traditional political science, there are different voting systems. We will study the majority systems and the unanimity; not only because they are the most popular, but also because we are really interested by their controversial aspects. Both of them are not perfect. They have a *tradeoff* between external costs and decision – making costs:

- *a simple majority based system imposes a lot of external costs and a different amount of decision – making costs;*
- *a unanimity based system imposes no external costs, but considerable decision – making costs.*

These kinds of voting systems are useful to aggregate private interests in public decisions. Many political scientists define the political process as a struggle between the private interest and the public interest. If we save our first philosophy about the *methodological individualism*, we could say that the public interest is just the aggregation of private decision makers.

By employing these two functions of external and decision – making costs, we are able to discuss the individual's choice rules. At the time of constitutional choice, the rational individual will choose that decision making rule that minimize the expected costs that he most suffers. He will do it by minimizing the sum of the expected external costs and the expected decision – making costs. Geometrically, we have to sum this different costs vertically. As **Buchanan** and **Tullock** wrote in their work called ***The Calculus of Consent. Logical Foundations of Constitutional Democracy***, "*the optimal or most efficient decision making rule, for the individual whose expectations are depicted and for the activity or set of activities that he is considering, will be that shown by the lowest point on the resulting*

curve". It could be helpful to explain what external and decision – making costs are specifically. An external cost is imposed on an individual when his net worth is reduced by the behavior of another individual or group and when this reduction of net worth is not recognized by the existing legal structure to be an expropriation of a defensible human or property right. Decision – making costs are called the costs to participate in decision making when a collective action has to be taken. This is the second cost relationship, or simply second cost function. Time and effort are introduced in every single decision by people. Furthermore, these costs will increase as the size of the group required to make a decision. If we will assume unanimity as the preferred voting rule, we could predict dramatically large decision – making costs to make a collective action.

William H. Riker in *Populism against Liberalism* wrote about the most important methods to aggregate individual choices:

1. *the Borda count*, a single – winner election method in which individuals rank options or candidates in order of preference;
2. *the Bentham count*, in which voters give a number to express their preferences. The sum of every number per candidate or option creates a ranking and the first one is the winner;
3. *the Nash method*, in which voters give a number to every option or candidate. These numbers will be multiply per motion or candidate and there will be a final ranking in which the first person or motion is the winner;
4. *the Condorcet method*, an election method that elects the candidate that would win by majority rule in all pairings against other candidates, whenever one of the candidate has the property.

The most important characteristic of all voting methods with more than two alternatives is the following: different voting mechanisms (*Borda count*, *Bentham count*, *Nash method*, *Condorcet paradox*) bring to different results. This means, for example, that if we use the Borda count to aggregate individual preferences we will obtain a different result from using the Condorcet method. It is very difficult to find a fair and logically coherent voting method. Every mechanism to transform individual values in a collective choice is very doubtful. This is a demonstration of the issue we defend in this paper: there is no voting method totally

respecting equity and logical coherence. The only exception we actually know is the unanimity method that involves very important decision – making costs. Every majority method that involves less decision – making costs, it involves many external costs and it is not just and logically consistent.

Furthermore, **Kenneth Arrow** in *Social Choice and Individual Values* approached the complete unanimity voting method too. He assumed that all individuals have the same preferences for social alternatives. In this specific case, we talk about an *homogeneous society*. He considered the preferences to refer not to expressed preferences but to the preferences which would be expressed if the corruptions of the environment were removed; the assumption of unanimity is the idealist view of political philosophy. In this case, he defined the social welfare function just choosing some one individual and then saying that the social preference scale shall be the same as his. The problem is that this specific form of government is a dictatorship and the one who rules is the dictator.

The voting method of unanimity is based on the research of a moral imperative to create a social choice. **Immanuel Kant** developed the idealistic viewpoint in morals. He distinguished among three imperatives for an individual:

1. *the technical imperative*, that represents knowledge of the means necessary to carry out given ends (what we have here called “*the environment*”);
2. *the pragmatic imperative*, that is the direction to the individual to seek his happiness (our individual orderings of social alternatives);
3. *the moral imperative*, that is the will which every individual would have if we were fully rational. It is our concept of social ordering, in a sense; it is also an individual ordering for every individual.

According to **Kant**, “*happiness is a vague and uncertain guide to action*”. The technical imperative and the pragmatic imperative are of a contingent nature, lacking in the ultimate necessity which should characterize moral obligations; he referred to them as hypothetical imperatives, as contrasted with the moral imperative (a categorical imperative having an objective existence). From the point of view of seeking a consensus of the moral imperative of individuals, the problem of choosing a voting mechanism or a social structure becomes essential. The best voting mechanism should bring the pragmatic imperative into

coincidence with the moral imperative. This is the point of view who interested **Rousseau** studying the relative merits of different forms of government. According to him, *“the principle of majority rule must be taken ethically as a means of ascertaining a real general will, not as a mechanism by which one set of interests is made subservient to another set. Political discussion must be assumed to represent a quest for an objectively ideal or best policy, not a contest between interests”*.

There are political scientists who believe the simple majority with two alternatives to be the best voting method. Differently, the political environment has always more than two alternatives; we need to reduce them in two alternatives through the *primary method* of vote. According to **Riker**, the simple majority method of vote is not fair and logically coherent. In this paper, we absolutely agree with him. **Riker** in **Liberalism against populism** said that the simple majority voting method is:

- a coherent voting method in a constitutional democracy;
- a fair voting method because everyone can make a choice;
- a fair voting method because all votes are equal.

This seems to be the best way to make a social choice from individual values. The problem is that it results impossible to have only two alternatives in the political environment. How can we reduce alternatives in two? For example, we could find the most preferred two alternatives and let people choose between them. We are imposing a voting method with only two choices. Is this right? The answer is obviously that is an unfair imposition; the voters are no more able to choose democratically candidates or motions they prefer between all the possible alternatives.

To sum up, we could say there is not a method of vote completely fair and logically coherent. It means simply that there is not a method of vote completely democratic. In my opinion, this is not a good reason to make a political choice bringing to a dictatorship; the *“moral imperative”* will be certainly violated if electors vote for a dictatorial system. It is true that the unanimity is still the only voting method to be completely equal and logically consistent. We already have described the simple majority method of vote; we know it is unfair. We already have seen all the voting methods if we need to aggregate more than two alternatives (*the Borda count, the Condorcet paradox, the Nash count, the Bentham count*).

There is still no one mechanism of vote that saves us from the *Kenneth Arrow's Paradox*, also known as "*the impossibility theory*". The only possibility we have is to choose the less unfair voting mechanism. According to **Riker**, it is the simple majority voting method. If we will never discover a totally democratic voting rule, we can still save liberal electoral completion between politicians. This is the only chance we have in order to realize the best democratic government we can!