

# Political Parties as Epistemic Actors. New Perspectives of Institutional Economics

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## *A. An Epistemic View on Democracy*

The rational choice tradition in political theory (with which we broadly associate ourselves<sup>1</sup>) has served to expose two central issues in the design of political institutions – two fundamental challenges with which political institutions must deal.

The *first* of these might be described as the political version of the “principal-agent” problem. Political agents – politicians and bureaucrats – are supposed to exercise the political powers they possess to serve the interests of the citizenry. But those political agents also have interests of their own. And there is a presumption that agents will use any effective discretion they possess to serve their own interests rather than the interests of their “principals”. As David Hume put the point (in a quotation that figures prominently in the lexicon of public choice theory):

“... in contriving any system of government, and fixing the several checks and controls of the constitution every man ought to be supposed a knave and to have no other end in all his actions than private interest.”<sup>2</sup>

John Stuart Mill makes a similar observation:

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- 1 “broadly” because the program with which we centrally associate has been termed “revisionist” public choice theory – a description we more or less endorse. Some of the distinctive features of the revisionism are laid out in *Michael Baurmann*, *Der Markt der Tugend. Recht und Moral in der liberalen Gesellschaft*, 1996 (2nd ed. 2000); *Michael Baurmann*, *The Market of Virtues. Morality and Commitment in a Liberal Society*, 2002 and *Geoffrey Brennan/Alan Hamlin*, *Democratic Devices and Desires*, 2000; *Geoffrey Brennan/Alan Hamlin*, *Revisionist Public Choice Theory*, *New Political Economy* 13 (1) 2008, p. 77.
  - 2 *David Hume*, *On the Independency of Parliament*, in: *Hume Essays: Moral Political and Literary*, 1985, p. 42.

“the very principle of constitutional government requires it to be assumed that political power will be abused to promote the particular purpose of the holder; not because it always is so but because such is the natural tendency of things to guard against which is the especial use of free institutions.”<sup>3</sup>

Of course, it is not necessary to assume that political agents are exclusively motivated by self-interest to register the problem. Alexander Hamilton in the *Federalist Papers* insisted that “the assumption of universal venality” is an error in reasoning about political affairs – though he also concedes that it is “less of an error than the assumption of universal rectitude”. And the Federalist authors, like Mill and Hume, consider that the best guarantee for the satisfactory operation of political institutions is to “bend interest to the service of duty”.

Indeed, the primary function of specifically *democratic* institutions is, on the public choice view, to limit the power of would-be despots and direct that power to the pursuit of something that might be recognized as the national interest. Accordingly, the public choice research agenda is focused precisely on investigating the extent to which those democratic institutions – and centrally electoral competition under majority rule – will plausibly secure that end. The public choice theorists’ animus towards the so-called “benevolent despot” approach to government that they see as underlying much standard public policy analysis arises precisely because that approach assumes away this central principal-agent problem.

One incidental upshot of this focus in institutional design has been a tendency to favour *direct* democratic arrangements – whether in the form of citizens’ initiatives (as allowed for in various US State Constitutions) or direct popular determination of policy, as practiced in some Swiss cantons.<sup>4</sup> The thought is that, to the extent that political agents create a principal-agent problem, then the removal of one important set of these agents – the politicians in “representative” bodies – is likely to reduce the divergence between political outcomes and citizen interests. Democratic processes should as closely as possible simulate market processes: if markets fail, for example in the case of providing public goods, then democratic

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3 John S. Mill, *Considerations on Representative Government*, 1977, p. 505.

4 Bruno S. Frey provides a vigorous defense of direct democratic procedures: *Bruno S. Frey, Direct Democracy. Politico-Economic Lessons from Swiss Experience*, *American Economic Review* 84 (2) 1994: p. 338.

processes should at least resemble market processes in aiming at an unbiased aggregation of preferences and beliefs of the voters. And the best institution to enable such a comprehensive transformation of preferences and beliefs of the voters to collective decisions without substantial agency loss seems to be direct democracy. Of course, politicians are not the only source of agency problems here: bureaucrats and government employees of all kinds are an independent source of agency problems and it might be thought that one needs representative institutions to better guard against citizen exploitation from these other sources.<sup>5</sup>

In any event, the tendency to favour direct over representative democracy overlooks the *second of the issues* that public choice theory has noted – the problem, as Anthony Downs<sup>6</sup> famously put it, of “rational ignorance”. The central notion here revolves around the curious “decision-theoretic” properties of large-scale voting. The voter, if fully rational, must recognize that the outcome that emerges from the process depends almost exclusively on what other voters do and negligibly on what she herself does. In fact, the only circumstance in which her vote strictly determines which option (or candidate) wins is when there is an exact tie among all other voters. Since the probability of this occurring is very tiny in large-number elections,<sup>7</sup> her choice calculus is likely to be very different from that in the market-place where she *does* determine which option she gets.

The conclusion that Downs draws from this fact focuses on the different amounts of information about options that individuals will rationally acquire in the two institutional settings. In markets, individuals have an incentive to acquire a considerable amount of information about the options for choice – especially in relation to options that involve substantial outlay. So, for example, the car-buyer will examine the relevant motor-magazines and, if the car is a second-hand one, may commission an inspection from a competent independent expert. But if the car she actually receives is determined not by the choice that she makes but by the choices

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5 So, for example, politicians might be thought better able to guard against misconduct by (or corruption of) the police than are the citizens directly.

6 *Anthony Downs, An Economic Theory of Democracy*, 1957.

7 Even when this rare event occurs as seen in the election of George W. Bush to president the electoral procedures collapse.

that others make, she will have a negligible incentive to acquire that information. Analogously, the typical voter will have a significantly reduced incentive to acquire complex information about choice options at the ballot box: doing so will involve expenditure of time and effort from which she can expect miniscule reward.

Some early public choice theorists thought that the fact that the individual voter's influence on outcomes was negligible implied that voting itself was "irrational". It is however an empirical fact that many people (numbering in the millions in most national elections) do vote; and it would be an odd implication within a rational actor model of human behaviour that they are all irrational to do so. The proper application of the rational actor approach involves the presumption that both voters and abstainers are essentially rational – and that what distinguishes the two groups is a matter of differing beliefs and preferences.

Moreover, for most voters the act of voting is relatively cheap. By contrast, the acquisition of relevant information about the effects of different policies is very costly; and we can predict that only those voters that derive intrinsic pleasure from acquiring such information will be at all well-informed. Put another way, when it comes to acquiring relevant political information, the requirements of "duty" and those of "interests" are very far apart. On this basis, Downs could confidently predict that most voters would be "rationally ignorant" about the issues at stake in large-scale elections. This then represents a second aspect in the design of political institutions – namely, how to provide incentives for the relevant decision-makers to acquire the information necessary to make intelligent decisions about public issues.

One obvious solution to the rational ignorance problem is to reduce the number of effective decision-makers; but how can one do this without invoking corresponding principal-agent problems? Any design of democratic institutions, therefore, has apparently to cope with a trade-off between political knowledge and expertise on the one hand and citizens' political influence and power on the other. To specify the issue more precisely in form of a question: *what is the optimal compromise between the rational ignorance problems associated with larger numbers of decision-makers and the principal-agent problems associated with the delegation of political decisions to smaller numbers of decision-makers?*

As we see it, this question is one that rational actor political theory presents as *a* (perhaps *the*) central problematic in democratic institutional design. If that is agreed, then what we wish to underline is its essential *epis-*

*temic* element. And that element is worth underlining because much public choice scholarship has tended to background it. That is, although citizen-voter rational ignorance has been noted as a problem of democratic process, it has tended to be treated as an incidental and independent issue – not part of the main agenda. We think that that is a mistake – one that we attempt to overcome in the present paper.<sup>8</sup>

Accordingly, we shall focus in this paper on the epistemic aspect of democratic process. We shall argue three broad claims:

First, that the problem of rational ignorance has some common features with a general issue in the epistemic domain, widely recognized in social epistemology.

Second, that democratic political parties have the capacity to adopt an important role as epistemic actors in acquiring and distributing reliable and relevant political knowledge which voters and politicians cannot gain and utilize individually.

And third, that political parties have a crucial function in securing the “optimal compromise” between epistemic and principal-agent challenges that we see as a central issue in political theory, and one that rational actor theory in particular makes salient.

## *B. Institutional Economics and Social Epistemology*

Public choice theory in general has taken a rather skeptical view on the role of political parties in democracies. They tend to be seen as phenomena of lesser significance and at best as mere proxies for the real objects of voter concern. The reason for this is the already noted preoccupation of public choice with direct-democracy as the benchmark and ideal for legitimate collective choice. From this point of view, representative democracy is only a second-best arrangement that has to be introduced reluctantly due to the problem of prohibitive decision costs in direct democratic processes. In the ideal case the candidates for political office should only be personifications of the political platforms the voters are interested in. In reality

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8 See also *Michael Baumann/Geoffrey Brennan*, What Should the Voter Know? Epistemic Trust in Democracy, *Grazer Philosophische Studien. Internationale Zeitschrift für Analytische Philosophie* 79 2009: p. 159.

the incentives of political representatives who are empowered to decide collective issues are not in natural harmony with the interests of the citizens as principals and institutional designers are confronted with additional challenges to get the representatives under control.

From this perspective, political parties simply add to the problems of representative democracy. They worsen the diffusion of responsibilities and make it even more difficult to ascribe individual accountability to political representatives. The main object of parties will be to acquire power and office and thereby – as all organizations with an elite leadership – they estrange themselves from their average members and voters. Their capacity to simplify political programs and options also opens up the possibility to manipulate and mislead voters. All in all, they expand the scope for agency loss in representative democracies.

However, this rather bleak picture reflects the emphasis on principal-agent as distinct from rational ignorance aspects of democratic processes. In this paper, we aim to reverse the focus. That is, we are going to assume initially that the principal-agent problem is somehow solved – at least, as well as it can be solved. We are going to take it that electoral processes and institutional checks and balances impose an important discipline on policy outcomes and that many political agents are extrinsically or intrinsically motivated by a desire to “do good” for the polity (as they interpret “good”). These assumptions redirect attention to the motives of voters and quality of the information possessed by them. And here we are going to take it that a significant proportion of voters are motivated by a broad desire to promote the public interest (as they perceive it) and then ask about the quality of the information about the public interest the various actors in the political system are likely to possess.

Given this perspective, it is clear that Downsian rational ignorance is an important piece of the whole picture – but that it is only a piece. We must ask broader questions about the nature of “political knowledge” – how it comes about; how it is dispersed across the community; how it is deployed in making political decisions. In pursuing this broader agenda we appeal to some central insights derived from “social epistemology” – an analysis of the social dimensions of knowledge that has been developed over the

last thirty years as a critical counterpart to traditional philosophical epistemology.<sup>9</sup>

The starting point of social epistemology involves the observation that knowledge is necessarily distributed across persons. Each individual can be independently authoritative in relation to a relatively small proportion of the total set of propositions taken by a community to be true. In other words, the production and distribution of knowledge are genuinely social processes. Most of what we “know” is the result not of our own experience and deliberation, but rather is derived from the testimony of others.<sup>10</sup> In this sense, we may refer to an “epistemic division of labour”. And we can conceptualize various ways in which the knowledge possessed by individuals can be aggregated, so that an epistemic community can “know” more than any of the individuals who composes it really knows.

From these insights it follows that an efficient and reliable production and distribution of knowledge is dependent on *competent and trustworthy epistemic institutions*. The paradigmatic cases are the institutions of science and education. But functioning epistemic institutions are also indispensable in the areas of law, the media, civil society – and politics. Politics belongs to the area of knowledge in which the division of epistemic labor and the differentiation between experts and laymen also make sense to a considerable degree. As in other areas of epistemic significance it is not realistic that all people have the resources and competence to acquire all relevant political information and knowledge on the basis of their own expertise, experience and deliberation.<sup>11</sup>

An “incentive-based” rational ignorance approach as well as a “resource-based” epistemological approach therefore converge in the message that a state of (relative) ignorance will be a “natural” condition of voters in a democracy. Voters who are left to their individual devices will not easily gather sufficient information and knowledge about political problems and programs; they will not develop stable preference orderings

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9 Frederick F. Schmitt (ed.), *Socializing Epistemology. The Social Dimensions of Knowledge*, 1994; Alvin I. Goldman, *Knowledge in a Social World*, 1999; Russell Hardin, *How Do You Know?: The Economics of Ordinary Knowledge*, 2009.

10 See A. J. Coady, *Testimony*, 1992.

11 “Knowledge” is used here in a wide, common-sense meaning of the word, including descriptive *and* normative aspects (see Hardin [fn. 9]).

over policy options without additional external input; and they will have no well-worked picture of desirable public goods nor clear ideas how to provide them efficiently. These obstacles to unspoiled hopes in the promises of direct democracy open up the possibility for a substantial re-assessment of the virtues of representative democracy. Representative democracy could be seen as one of the sought-after institutional solutions to rational ignorance problems associated with large numbers of decision-makers by empowering a sub-group of the population to make the relevant political decisions.

One consequence of this focus on representative democracy as an epistemic institution is a significant change in the role that should be ascribed to political representatives. They can no longer be regarded as passive agents acting only on behalf of their principal's revealed preferences and beliefs. A proactive role must be assigned to them as political entrepreneurs who cannot content themselves with aggregating given preferences, but who rather interpret, shape and change the preferences of their electorate. And they will not only adapt the subjective beliefs and convictions of their voters and transform them into political action, but also act as sources of information, opinion leaders and political experts, systematically influencing the opinion formation of the population. That means that in a representative democracy the identification and interpretation of public interest will not be the simple outcome of a schematic transfer of individual preferences and beliefs into an aggregate, but a result of a cognitive and evaluative effort of political representatives who put their insights up for evaluation and to the vote. To put it in a nutshell: in the epistemic dimension representative democracy includes not only bottom-up processes from principals to agents but also and essentially top-down processes from representatives to citizens.<sup>12</sup>

From an epistemic perspective, therefore, institutions of public choice in a representative system are not merely poor substitutes for the market if the market fails, but can create a real "epistemic surplus" for a society. They may concentrate political expertise in the hands and brains of a designated group of people, thereby unburdening the majority of the populace from unrealistic expectations of political knowledge and motivation – a hope which James Madison expresses in often quoted lines:

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12 See *Baumann/Brennan* (fn. 8).



“The effect of representation is to refine and enlarge the public views, by passing them through the medium of a chosen body of citizens, whose wisdom may best discern the true interest of their country.” James Madison, *Federalist papers* 10

But whether these hopes are realized depends on two crucial conditions: first, the political representatives have to be “real” experts and must indeed possess reliable and relevant political knowledge from the point of view of the citizens. Second, the political representatives must use their knowledge and expertise in the interest of the electorate and communicate it truthfully to the citizens. And the epistemic view on representative democracy not only highlights its potential advantages but by emphasizing the epistemic authority of political representatives also illuminates new dimensions of the unavoidable principal-agent problems that arise with all forms of representation.

### *C. Political Parties as Epistemic Actors*

We begin by addressing the first question: how plausible is it that political representatives are true political experts who have acquired reliable and relevant information and knowledge? If we presuppose that elected representatives in a democracy can solve the problem of rational ignorance it has to be explained from which sources these assumed experts can accumulate *their* specific and possibly superior political knowledge. What kind of socialization and education will enable them to manage political office and choose the right political strategy? What is their knowledge base and what sources of information are at their disposal?

In the search for answers to these and related questions the *political party* enters the stage as an actor in a potentially leading role. Of course, we could envisage a political system in which politicians acquire political knowledge and learn politics by doing politics as individuals or in loose political groups and networks. They could gain experience and political skills in administering political offices and fulfilling different political functions. But for politicians the same principle applies as for the average citizen: the political knowledge that is relevant for them is to a large extent collective knowledge that is not accessible by individual effort alone. Epistemic institutions are needed to accumulate and distribute this kind of knowledge too. And an especially convenient institution for the production and distribution of political knowledge is a political party conceived as an enduring and independent organization that is acting in a highly

competitive context. Political parties are particularly well predisposed to acquire and store political information and knowledge, communicate and transmit it to politicians and citizens and to provide an environment in which persons are selected according to their political potential and are socialized into the role of professional politicians. Of course, whether political parties will actually fulfill this somewhat latent function is dependent on a number of conducive ancillary conditions in the societal and political environment. We will come back to this later.

To point to the possibly significant role of political parties as epistemic actors does not imply that political parties are the only epistemic actors that contribute to the production and dissemination of political knowledge in a democracy. Such epistemic functions are performed by the media, political science, NGOs, social movements, occupational and trade unions or the deliberative forces of civil society. Together these ancillary institutions create an interdependent epistemic network which facilitates the exchange of information and ideas. If political parties constitute epistemic actors of their own, they will participate in this network and will not automatically achieve a leading or dominant position.

But in this concert political parties can play a unique part in accumulating a special kind of political knowledge that could not easily be replaced by other players. This potential for a major epistemic role becomes apparent if we analyze the *dimensions, distribution, generation and foundation* of political knowledge.

#### *D. Dimensions of Political Knowledge*

We can differentiate between the *dimensions* of political knowledge by means of three classical questions: What do we know? What should we do? What can we achieve? The first question – *what do we know?* – refers to *descriptive political diagnoses*. Making such diagnoses demands knowledge about empirical relations and regularities in certain areas of politics: how does the financial market function? What effect will an increase in wages have on the employment rate? How will the population react if we open the borders for immigrants? What are the motives of Russian political leaders to invade Ukraine?

The second question – *what should we do?* – aims at *policies* as normative political programs: how should a package of laws be designed to regulate the financial market more thoroughly in the face of the banking

crisis? With what instruments should we cut the increase in wages to promote employment? What change in asylum politics can realize a justified balance between the rights of politically persecuted persons and the right of citizens to restrict entry to their country? What political reaction in the face of Russian aggression is the most promising?

The third question – *what can we achieve?* – concerns practical political strategies, *politics* to realize normative political programs: how can we maximize votes to gain office and political power? What is the best bargaining strategy in coalition negotiations to realize a maximum of influence? What is necessary to push through laws in a divided parliament? How is it possible to satisfy lobbyists and voters in contested projects of government? What is the optimal media coverage for an opposition?

If we look at these three dimensions of political knowledge, it becomes obvious that in a democracy there are hardly any other epistemic institutions that are predisposed to cover all three dimensions of political knowledge as comprehensively, simultaneously and mutually interlinked as political parties. The media cover political themes selectively and react to the political programs and policies which are advocated, but they do not develop such programs and policies themselves. Political science can accumulate descriptive political knowledge about the areas of politics, but it is not the object of political science to develop normative policies and realize them strategically in parliamentary politics. NGOs, social movements, occupational and trade unions are focused only on special policy areas and tend to promote their particular interests while underestimating interdependencies with other relevant areas. Only the special challenges and dynamics of political parties drive them to deal with all dimensions of political knowledge with equal effort: not because that is their freely chosen subject but because the comprehensive accumulation of political knowledge in all its dimensions is an imperative that follows from the central aim of parties to gain power and realize their programs in democratic competition.

### *E. Distribution of Political Knowledge*

A second aspect that documents the special potential of parties as epistemic actors is the *distribution* of political knowledge through the diverse channels by which this knowledge is transmitted to different recipients. It can also be contended in this respect that there is no other epistemic insti-

tution in a democracy which unites a comparable number of linkages between a stock of collective political knowledge and possible users of this knowledge.

First of all, the members of a party learn about political issues and develop political capabilities through their *political participation* and their different political activities in a party. This can start at very basic levels with attending party meetings in villages or towns, participation in political training courses and in party congresses, through engagement in campaigns and in holding minor offices in the communal party organization. But it can finally achieve a high profile in the leadership of a party and a comprehensive professionalization as a full-time party politician and organizer.

Secondly, and in close connection to the first aspect, members of parties can benefit from *political learning processes* while working on the programmatic profile of their party. This can be the case if they actively collaborate in the drafting of political programs on different levels: from policies for communal contexts up to foundational party programs that guide the party for years to come. Working on party programs requires gathering knowledge about political areas, judging the validity of experts' opinions and evaluating political options for these areas and their problems. People who work on political party programs learn to deliberate on political questions, to defend positions in controversial issues, to build coalitions and form majorities.

Gaining *political experience* in holding political office is the third road to political knowledge and expertise that is offered by membership in parties. This kind of experience is to be differentiated from experiences that evolve from working in positions inside a party. It refers to the knowledge and expertise a person can accumulate while acting as a politically responsible representative in parliaments or governments. But not only office holders themselves benefit from this kind of knowledge and expertise. Their helpers and supporters from within their parties also profit by their indirect access to the positions of political power.

Last but not least, political parties can distribute their accumulated political knowledge to the citizens and voters through the channel of *political communication*. They can describe the problems in the different political areas according to their knowledge, they can advocate and justify their political programs with reference to their political analyses and explain their political strategy to realize the kind of policies which in their judgment can solve the political problems they identify.

Summarizing the first two aspects it can be said that political parties as epistemic institutions acquire and accumulate political knowledge in the dimensions of descriptive political analyses, normative political programs (policies) and practical political strategies (politics) and that they can distribute this knowledge via political participation, political learning and political experience to their members and via political communication to the electorate. Political parties also provide an environment with sufficient incentives for their members to acquire information and knowledge and thereby overcome internally the problem of rational ignorance – because it is hardly possible to strive successfully for a career in a political party without possessing sound political knowledge.

#### *F. Generation of Political Knowledge*

But how will political parties acquire reliable and relevant political knowledge in the first place? Here we can offer only a stylized and idealized description. To understand the mechanisms by which political parties can generate political knowledge and how its content can be evaluated and put to the test, the analogy with scientific theory development is helpful. If we follow the terminology of Thomas Kuhn<sup>13</sup>, we can identify different research programs in science by their “paradigms”, by their exemplary and fundamental core that is embedded in the results and ameliorations of “normal science”. From this perspective the competition between different scientific schools can be described as competition between different scientific paradigms based on their successes and failures as they are transformed into concrete prognoses and applications.

This description can with some plausibility be transferred to political parties and their acquisition of political knowledge: parties accumulate political knowledge not in a neutral und unstructured way but embed it systematically in their particular political credo and the basic world view that form their ideological platform: conservatism, liberalism, socialism or ecologism, for example. These foundational convictions constitute the “hard core” and “paradigm” of political parties in a similar way to which some basic laws and findings constitute the “hard core” and paradigm of

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13 *Thomas Kuhn*, *The Structure of Scientific Revolutions*, 1962 (2nd ext. ed. 1970).

scientific research programs. They create a cognitive and evaluative path-dependency, they frame and determine the direction in which political parties seek information and knowledge and answers to political problems. The paradigms are translated into political programs and strategies which are adapted to the concrete political situation and challenges – these programs and strategies generate the “normal politics” around the political paradigms. And, as in the case of scientific research, the ongoing development and application of the paradigms create successes and failures, confirmations and anomalies, adaptations and re-interpretations of the paradigms and a more or less far-going softening of the hard core.

Competition is the key in both arenas to promoting progress and change, to preventing stalemate and immunization, and to giving recipients and “laymen” the chance to discriminate between good and bad research programs or between good and bad political programs and competent and incompetent politicians. To ensure the generation of reliable political knowledge that is relevant for the general interests of the citizens and not for the personal interests of a political elite, the competition between political parties must be driven by the necessity to achieve the approval of the voters in an open and fair contest that gives all competitors equal chances of presenting their points of view. The fact that political parties as epistemic institutions accumulate a much larger stock of political knowledge and expertise than the average citizen and voter can be moderated and counterbalanced by their mutual criticism and a constant exposure of the failures and shortcomings of their rivals.

But competition between political parties alone will not be sufficient to ensure the reliability and relevance of political knowledge parties accumulate. Their political analysis and political programs must also be scrutinized and contested by the media, independent political analysts, academic political scientists, private associations and the actors in civil society. As in other epistemic areas the question whether certain actors possess real expertise and competence must be judged by other experts and observers.<sup>14</sup> When political parties act on their respective stock of knowledge a “track record” of successes and failures will result. It provides evidence

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14 *Alvin I. Goldman*, *Experts: Which Ones Should You Trust?*, *Philosophy and Phenomenological Research* 63 (1) 2001: p. 85.

of the reliability of their knowledge and competence even for persons who lack special political expertise themselves.

### *G. Foundation of Political Knowledge*

But even if we admit that political parties have the potential to generate and distribute reliable political knowledge in all its relevant dimensions, how can the apparently elitist picture of political experts disposing over superior knowledge be reconciled with the ideal of democracy as a bottom-up process and a device to control and direct the use of political power? One of the most fundamental ideals of democracy is the empowerment of the people. The citizens of a political community should rule themselves, representatives should act on behalf of their voters, elected rulers should be responsive to the interests and concerns of their electorate. How can the claim that political entrepreneurs shape and change the preferences of the population, influence and inform their opinions and interpret the content of public interest be in harmony with the demand that the preferences and beliefs of the citizens and voters be decisive in the end?

A tentative answer can be given by a more differentiated analysis of the possible relations between the political knowledge of political parties on the one hand and the interests and beliefs of the population on the other. Again it is helpful to borrow an approach from a slightly different context. John Rawls<sup>15</sup> applied the concept of a *reflective equilibrium* to characterize the interrelation between the general principles and judgments of a systematic theory of justice and the intuitive and concrete norms and verdicts people express in every-day life. According to Rawls it is essential to an appropriate theory of justice that its general principles and judgments are derived from the normative intuitions of people and have to prove their worth in being accepted as adequate generalizations of these concrete norms and judgments – this acceptance must also include the new norms and judgments which follow from the proposed generalizations.

The democratically desirable relation between the general political knowledge and programs of political parties and the preferences and beliefs of their voters can be understood in a quite similar way. Political par-

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15 *John Rawls, A Theory of Justice, 1971 (2nd rev. ed. 1975).*

ties should emanate from civil society and derive from there their original political paradigm and program. As a party gets larger and consolidates itself as a sustainable organization, it will acquire more and more systematic political knowledge, will sharpen its “paradigm” and revise its program continuously. But the crucial input for this process can still remain the preferences and the beliefs of its average members and voters. As in the case of a theory of justice, the concrete political verdicts and judgments should be the “raw” material from which the aims and programs of a political party are formed. And the result of this forming-process must be reflected back to the voters: the “generalizations” must be put to the test, they must be accepted as an adequate expression, interpretation and summary of the preferences and beliefs the voters have – and possible “new” insights that follow from the newly formulated political knowledge must be acceptable for them too. In a well-functioning democracy this “verification” of political knowledge and programs by aiming at a reflective equilibrium will not simply be at the discretion of the parties and their leaders. They will rather be forced into this “reflective” and reciprocal process of justification because of political competition and their dependence on approval and votes.

Supposing a mechanism that provides a reflective equilibrium between the interests and beliefs of the citizens on the one hand and the general political knowledge and programs of political parties on the other hand, a sound balance of bottom-up and top-down processes is conceivable even in accordance with our reassessment of representative democracy from an epistemic point of view. We can underline the importance of a division of epistemic labor also in political contexts and we can stress the role of proactive political entrepreneurs who benefit from the political knowledge which is concentrated in their political parties – without downplaying the importance and possibility of a continuous back-bonding of political knowledge to the preferences and beliefs of the electorate and a control and shaping of these processes by political competition, public approval and rejection.

#### *H. Political Parties as Trustworthy Epistemic Actors?*

Despite these quite optimistic notes we wish to emphasize that whatever purely epistemic advantages parties may deliver, those advantages remain exclusively at the “in principle” level unless there are good reasons for



thinking that the individuals operating within the party structure are likely to deploy their superior epistemic credentials actually in the public interest. As we already noted, the epistemic view on representative democracy which points out the active role of political representatives also sheds light on new aspects of the principal-agent problem in democracies and new risks from the perspectives of voters and citizens. One of these risks is the danger that political knowledge is not communicated truthfully to the voters but is used strategically to gain power through political advertising including tricking and cheating. This danger is a challenge to the claim we raised at the beginning of our paper: that political parties can play a critical role in securing the “optimal compromise” between the problem of rational ignorance on the one hand and principal-agent problems on the other.

We want, therefore, now to turn to the principal-agent aspects of what we characterized as the institutional optimization exercise. In doing so, however, we want to emphasize that the relevant comparison here is between a political structure that is party-dominated and one that is not. That is, we think it important to compare the incentives of representatives as individual political actors with the incentives of political parties as corporate actors. And one might think that whatever aspects of democratic process conduce to public interest outcomes – and whatever portion of public-interest motivations exist among political representatives – these features will presumptively produce better outcomes the better epistemically equipped political agents are. On that basis, it might seem that establishing the epistemic advantages of one system over another is sufficient to create a presumption in favour of the epistemically superior system. Other things equal, greater ignorance must surely be worse than less! Opponents of a party-structured democracy would then have to argue that parties compound the principal-agent problem. For unless they do so, one might think, the epistemic case goes through unscathed.

But even this apparently weak claim is contestable. If for example Hume is right that the appropriate motivational assumption for political analysis is that “*every man is a knave*”, then whatever epistemic advantages parties provide will simply be mobilized in the interests of the party. Yet more effective “spin”, a superior knowledge base from which to manipulate “majoritarian cycling”, these may simply provide parties with better resources to exploit the citizenry.

However, there are good reasons for thinking that in principle party structure is likely to have positive advantages from a principal-agent per-

spective. Basically this is because parties as corporate actors have longer (and more particularly less determinate) horizons than do individuals. This fact gives the party an incentive to force trustworthy conduct on its members in circumstances where those members acting as individuals might have a material incentive to behave in an untrustworthy fashion.

Consider the individual candidate in a functioning democracy. It seems likely that early in her political career she will behave in broadly trustworthy ways. If she makes promises to the electorate, she will be inclined to keep them once elected because she wants to signal that she is a trustworthy person. Unless her time horizons are short (and more generally her career ambitions as a politician are utterly short-term), she increases the likelihood of her subsequent re-election if she does not produce evidence of significant untrustworthiness. Alternatively put, she reduces the likelihood that she will be punished at the polls. As in analogous two-person prisoner's dilemma games, iteration modifies the incentive to "defect" because it reduces the probability that the other player will "cooperate" in the next round of play. But as is widely recognized, this incentive effect is getting weaker when the last rounds of play come into sight; and so, everyone knows that if the other is rational, she will defect on the last round. If that is so, then there is no point in not defecting on the second-last round of play. And so via the logic of so-called "backward induction", it pays to defect at every round.

One does not have to accept the extreme form of this negative conclusion (i.e. that iteration has no effect on probability of cooperation if the number of rounds is finite) to recognize that whatever incentives to behave as a trustworthy agent there might be disappear in the latter rounds of a finite iteration. So individual "representatives" will face diminished material incentives to behave in a trustworthy fashion as that individual's last round of play approaches.

Parties have an advantage here. Individuals die and/or retire. And they do so at more or less predictable points in time. Parties are much longer lived. And though they can rise and fall, it is uncommon for a party to go out of existence in any manner that would be totally predictable to voters. So parties are more trustworthy other things equal than separate individual candidates. And this is to the advantage of the candidates themselves: the capacity to make credible long-term commitments is something that political agents would like to be able to do. When those individuals form aggregates, they are not burdened with the logic of backward induction (at least, as long as there is no majority of party members seeking to leave at

any one time).<sup>16</sup> If this reasoning is valid, it provides – beside the larger efficacy and impact of an organization – an additional account of why parties tend to form: voters will trust any candidate more if she is a party-member than if she is not. They can trust parties to protect the party’s ongoing reputations by enforcing probity and trustworthiness among their members.

The bottom line here is that the epistemic advantages of party structure – the primary object of focus here – come along with considerations that indicate why those epistemic advantages are more likely to be turned towards the public interest as compared with the situation in which those same individuals were operating as independent “representatives”. *Ceteris paribus* individual political agency is more susceptible to a misuse of political knowledge, for example in propagating populist political programs, than team-agency in the form of long-lived and disciplined political parties. To improve the party’s overall electoral prospects by securing its reputation for truthfully informing the public, a party will have other incentives than an individual politician who is striving for re-election for one more term.

Of course, a general *caveat* is called for. Whether political parties as particularly trustworthy agents could indeed play a beneficial role in securing the “optimal compromise” between epistemic and principal-agent challenges is dependent on a plethora of institutional, societal and cultural conditions that are necessary in general to “make democracy work”: effective rule of law, institutional checks and balances, political competition, free and pluralistic media, lively public debate and a vibrant civil society – to name some of the most important factors. The internal organizational structure of political parties, their decision rules, the quality of their democratic culture and their institutional history are additional significant factors.

In view of these crucial factors it is clear that the approach of standard public choice theory will not become superfluous if one stresses the epistemic features of representative democracy and political parties. The analyses of the institutional and procedural framework and the incentives they

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16 The underlying argument here is spelled out in greater detail in *Geoffrey Brennan/Hartmut Kliemt*, *Finite Lives and Social Institutions*, *Kyklos* 47 1994, p. 551.

produce from a rational actor perspective are still deserving attention if the analysis is extended to epistemic aspects of democracy.

### *I. Political Parties and Trust Crisis*

But does not the widespread conviction of a profound trust crisis in regard to political parties already refute our speculation about their special potential to become important epistemic actors? For many observers, commentators and political scientists it seems to be one of the best validated findings of opinion research in the last years that there is a deep and growing distrust in political parties in most western democracies. If this is indeed correct, then it undermines any attempt to ascribe a serious role to parties as epistemic actors because this role can only be fulfilled if the citizens view political parties as trustworthy institutions.

However, the empirical evidence underlying the judgment that political parties are undergoing a substantial confidence crisis is not as convincing as it seems to be at first sight. The reason for this is that the degree of trust in political parties is usually measured solely by a simple and undifferentiated question: “*Please tell me whether you trust political parties altogether/largely/partly/rather not/not at all.*” One problem with using such a general question is the fact that persons can associate very different meanings with the concept of “trust in political parties”.

An alternative procedure would be to unpack the concept of trust and ask separately about its different constitutive factors. In the case of epistemic trust, three factors could be designated as its essential components: *coherence*, *competence* and *reliability*.<sup>17</sup> If potential recipients ascribe these qualities to epistemic actors, then this could be judged as tantamount to attributing epistemic trustworthiness.

*Coherence* as a condition demands that the judgment or information an actor reveals must be consistent with the already established preferences and beliefs of a recipient. That does not mean that they must be identical. However, a recipient will trust other actors as epistemic sources only if their descriptive and normative views fit into a range of opinions which

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17 Michael Baumann, Kollektives Wissen und epistemisches Vertrauen: der Ansatz der Sozialen Erkenntnistheorie. Sonderheft 50 der KZfSS 2010, p. 185.

the recipient is already convinced of as being true or well-founded. This is one essential precondition for achieving a reflective equilibrium between the political convictions of citizens and the elaborated political views and programs of political parties.

*Competence* refers to the capability of actors to acquire and apply valid knowledge in a certain area. Rational recipients will only then take information from epistemic sources seriously if they believe that the information stems from actors who are indeed able to gather such kind of information. As already mentioned, in the case of politicians and political parties political successes or failures offer “track records” by which citizens and voters can evaluate their expertise.

*Reliability* is attributed to epistemic actors if they deliver: if they act as they have promised, if they actually carry out the plans and projects they have outlined and put their knowledge and competence into practice. This is an especially relevant criterion in regard to political parties as epistemic actors: will they indeed realize their political programs? Will they act in accordance with their solutions to political problems? Will they be successful in applying their political expertise?

Fortunately, we also have empirical data that demonstrate how people judge the trustworthiness of political parties if respondents are asked about these particular qualities separately instead of presenting them with the direct question about the general trustworthiness of political parties.<sup>18</sup> The results disclose two things: first, the ascription of trustworthiness differs significantly between the answers to the differentiated questions and the answers to the general question. Second, the trustworthiness of political parties measured by the answers to the differentiated questions is much higher.

The empirical data reveal a considerable degree of coherence between the evaluation of the population as to which political problems are important and the programmatic agenda of political parties, for example in regard to employment, education or social justice. Accordingly, in 2010 more than 80% of respondents in the former West German states and 75%

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18 An instructive summary of these findings and a critical discussion of the standard measurement of trust along our lines are presented by *Oscar Gabriel*, *Einstellungen der Bürger zu den politischen Parteien*, in: Niedermayer (ed.), *Handbuch Parteienforschung*, 2013, p. 319.

in the new states indicated that at least one of the parties in the German Bundestag is representing their core interests.<sup>19</sup> The competence of political parties to solve important political problems is seen quite optimistically: from 1994 to 2009 an average of about 70% of the population in Germany believed that political parties were able to tackle the most urgent political challenges successfully.<sup>20</sup> And also the reliability of political parties to actually implement effective solutions to important problems in accordance with the preferences of the citizens is often positively evaluated. In a survey of the *Forschungsgruppe Wahlen* in November 2013, 90% of the respondents agreed with the new pension laws that permit retirement with full benefits at the age of 63, 86% welcomed the so-called “mothers’ pension” and 82% supported the introduction of a statutory minimum wage.<sup>21</sup>

These empirical findings challenge the widespread diagnosis of a general trust crisis in regard to political parties. They actually suggest rather the opposite: political parties at least in Germany seem to enjoy quite a good reputation as competent and reliable epistemic actors who have accumulated a significant stock of valuable political knowledge that they use to solve problems which are judged as important from the point of view of the “principals”. If this conclusion holds, then the epistemic functions of parties in democratic politics are not just a matter of theoretical conjecture but are also functions that voters expect of parties – and the parties themselves do not seem to be scoring so badly in terms of delivery.

### *J. Political Parties and Direct Democracy*

We will close our case for taking political parties seriously as epistemic actors with a short remark on an issue that is presently on the political agenda: what can we say from an epistemic point of view about the role of political parties in direct-democratic processes?

In many Western democracies there is an ongoing and even growing debate about extending the options of political participation for citizens:

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19 See *Gabriel* (fn. 18), p. 328.

20 See *Gabriel* (fn. 18), p. 326 f.

21 [http://www.forschungsgruppe.de/Umfragen/Politbarometer/Archiv/Politbarometer\\_2013/November\\_II\\_2013/](http://www.forschungsgruppe.de/Umfragen/Politbarometer/Archiv/Politbarometer_2013/November_II_2013/)

from improved information and more transparency over consultation and deliberation to binding collective decisions in referenda and direct voting procedures. It is an interesting and important question how such ambitious attempts to establish new and demanding institutions of direct democracy can be reconciled with the problem of rational ignorance we addressed at the beginning of our paper. Maybe a “cognitive mobilization” of voters due to better education and an easier access to information by the internet can play a part here.

We will not discuss these issues here. We only wish to emphasize that direct-democratic institutions will not function without a proper division of epistemic labour and utilizing the knowledge and judgment of political experts. A well-founded public opinion to prepare collective choices in direct-democratic procedures is dependent on a continuous input of information and knowledge that can be validated and contested in an open public debate. The participants must not only be supported to check the relevance and truth of claims and assumptions about promising policies, they must also be able to judge the competence and trustworthiness of sources and “experts” who make such claims and assumptions. This is only attainable if deliberation in direct-democratic processes takes place with the participation of diverse epistemic actors who offer, justify and defend their normative views and political knowledge in a competitive context so that the citizens can hone their judgment of the quality of different experts and the validity of their opinions.

Political parties could retain their function as epistemic actors with a special kind of political knowledge in such a context. They can become an active participant in a process of political deliberation. However, as in the case of representative democracy, they will not be the only players on the stage but have to offer their views together with the media, NGOs, political science or other actors of civil society. Therefore political parties as epistemic actors will not be made superfluous by direct-democratic processes. But they would have to strive even harder to demonstrate that they dispose of a special and especially valuable stock of political knowledge that cannot be delivered easily by other epistemic sources.

### *K. Conclusion*

Political science has attributed quite a list of functions to political parties in democracies: articulation and aggregation of interests, policy develop-

ment, linkage between citizens and political elite, recruitment and socialization of political leaders, legitimation of the political system and more. Political scientists have also identified and widely discussed the problems that arise in fulfilling these functions.

We have argued in our paper that political science should focus on an additional function of political parties: to fulfill an important role as epistemic actors who acquire political knowledge and distribute it to politicians and citizens. We have also presented some arguments why political parties may have advantages compared to individual politicians in achieving the status of trustworthy epistemic actors. But it must be left open in the end whether political parties in fact could convincingly act in the role of epistemic actors and thereby help to find a satisfactory answer to what we described at the beginning as the central question which rational actor political theory poses: what is the optimal compromise between the rational ignorance problems associated with large numbers of decision-makers and the principal-agent problems associated with the delegation of collective decisions to smaller numbers of decision-makers? Whether political parties in their function as epistemic actors could indeed assist in closing the gap between principal and agents in a democracy and overcoming the rational ignorance problem is dependent on a whole range of political, societal and cultural conditions and the particular developmental paths in a political community which is beyond the scope of our discussion in this paper.