

Chapter 16

Democracy: How it Works

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Democracy means “rule by the people”. This is an extraordinary idea, a truly revolutionary ideal in the history of human affairs. Imagine: power should be vested in the people, not a hierarchy, not a king, not an elite, but the people. In most complex societies for most of human history this notion would have been viewed as absurd. Government of the people, by the people and for the people -- the ideal is inspiring, revolutionary, emancipatory. But the reality is often ugly, cynical, manipulative. Instead of political equality and popular empowerment, democracy can become game dominated by the power of elites and dominant classes. Rule by the people becomes largely a symbolic sideshow, while the real exercise of political power occurs behind the scenes.

Most Americans are convinced that they live in a profoundly democratic society. Indeed, many believe that the United States is the most democratic society on earth. There are some truths lurking behind these claims: the United States has fairly competitive elections for many public offices; civil liberties are at least loosely protected; public officials are generally constrained by the rule of law and prevented from exercising their power in an arbitrary manner. Life would be very different under a Fascist police state or a military dictatorship. So, the democraticness of American democracy is not an empty ideal. Nevertheless, we will argue in this chapter that the democratic character of American political institutions is much more contradictory and limited than this popular image.

DEMOCRACY AS A VALUE

Before exploring the problem of the contradictions and constraints facing American democracy, we need to provide a more precise definition of the ideal of democracy itself. What does “democracy” really mean? What is the core principle we really want to accomplish?

Democracy as an ideal, we believe, is embedded in a broader value concerning individual autonomy and power:

All people should have broadly equal access to the necessary means to participate meaningfully in decisions over things which affect their lives. This includes both the freedom of individuals to make choices that affect their own lives as separate persons, and their capacity to participate in collective decisions which affect their lives as members of a broader community.¹

¹ This particular formulation comes from Erik Olin Wright, *Envisioning Real Utopias* (London and New York: Verso, 2010), chapter 2. For a more extended discussion of democracy, including the “principle of democratic legitimacy” by which we think democratic institutions should be judged, see Joshua Cohen and Joel Rogers, *On Democracy* (New York: Penguin, 1983). We draw on their analysis of the workings of capitalist democracy throughout this chapter.

This conception explicitly connects the problem of individual liberty with the problem of democracy. These are deeply connected because both embody the idea that people should control as much as possible those decisions which affect their lives. “Freedom” is the capacity to make choices over one’s own life; “democracy” is the capacity to participate in the effective control over collective choices that affect one’s life as a member of a wider society. Of course, the line of demarcation between these two is often ambiguous since many actions of individuals have, as we saw in earlier chapters, “externalities” which affect the lives of others, particularly when those individual choices are viewed cumulatively. The decision to drive an S.U.V. has effects on other people through carbon emissions and the depletion of petroleum resources. The decision to build a large house in a suburb has effects on other people through urban sprawl. The decision to buy expensive private education for one’s children affects other people through changing the conditions for competition to enter the best universities. Should these decisions be viewed as purely private decisions and thus in the domain of individual freedom and autonomy, or are these public decisions because of their effects on other people as members of a society? There is no simple answer to this question since these decisions have both public and private dimensions. One of the central tasks in a democracy is, therefore, how to balance these considerations, how to take into account the social externalities the choices people make as separate individuals while at the same time allowing individuals to make meaningful choices over their own lives. One possible balance is to decide to ignore many of the social externalities private choices on the grounds that all-things-considered it is better to tolerate negative effects on others than to interfere with individual choice. This is the balance which creates very strong private property rights and blocks intrusive forms of democratic interference with the acquisition and use of private property. Another possible balance is to impose many restrictions on individual choices through various kinds of regulations – zoning rules for cities, taxes on large cars, limitations on private education – on the grounds that the harms of these externalities are themselves a violation of individual liberty. This is always a difficult issue, but at least in a democracy in principle it is the same people who are deciding about how to work out this balance as are affected by such decisions.

In a democracy, then, the general idea that people should control the decisions which affect their lives is applied to the context of decisions which affect their lives as members of society:

In a democracy decisions which affect our common fate and common interests should reflect the collective will and choices of equal citizens rather than of powerful elites.

This is a demanding ideal, for it says more than simply that we have regular elections and basic political freedoms and rights; it says that political institutions are designed in such a way that decisions which affect our communities and collective destiny are made in ways that are truly subordinated to the will of ordinary citizens. There are two key parts to this definition:

1. *Decisions which affect our common fate and common interests.....*

Democracy concerns a particular subset of all the decisions people make: those decisions which affect our common fate and common interests. This implies that it is possible to make a rough distinction between decisions which only have effects on the individual persons making the choice and decisions which have effects on a broader community. This condition also means that the robustness of a democracy depends upon the extent to which issues of collective concern are in fact included within collective decision-making. A narrow scope for democratic decision-

making undermines democracy itself. In these terms, the general trend in the United States towards privatization of state functions and deregulation of market activities that began in the early 1980s, constitutes a reduction in democracy.

2.....should reflect the collective will and choices of equal citizens rather than powerful elites.

The notion of a “collective will” is an especially elusive one. Individuals have minds and motivations, and thus we all have an intuitive sense about what it means to talk about *individual* “will”. It is less transparent precisely what is meant by the idea of a “collective will.” In an ideal sense what we mean is a broad consensus reached through the open deliberation of people making a collective decision. The will is “collective” insofar as it is the result of a collective process of genuine deliberation and consensus formation. That is the ideal. In practice a full consensus is rarely possible, so the issue is more a question of collective decisions coming out of open debate by those affected by the decision. The idea of “equal citizens” means both that everyone has equal political *rights* to participate in democratic processes, but also that everyone has equal access to the practical means of political participation. The first of these considerations is much easier to realize than the second, although in the United States it took almost two centuries of protracted struggles from the founding of the country to accomplish anything close to equality of formal citizenship rights. The second of these conditions – equal access by citizens to the practical means of political participation – is much harder to achieve and remains a distant ideal in contemporary American society.

There are many ways that this ideal of democracy can be undermined:

- Important issues of collective concern may be excluded from the arenas of democratic decision making.
- Citizens may have very unequal access to the political process either because of official discrimination or because of inequalities in politically-relevant resources and capacities.
- The process by which citizens form their opinions on political issues may be heavily manipulated by elites and other powerful actors so that even if they have meaningful access to political processes, they do not really participate as autonomous citizens.
- The electoral rules of the game may give advantages to some kinds of interests over others.
- The internal organization of the bureaucratic machinery of the state may give special access to certain groups of citizens and elites in shaping the implementation of public policy.
- Politicians and state officials may have sufficient autonomy and power that they use the state in pursuit of their own interests. Public policy in practice, therefore, may reflect the will and collective choices of political officials more than of equal citizens.
- The private exercise of power outside of the political realm may block or undermine public decisions.

Of course, each of these threats to democracy is a matter of degree, and thus we can talk about the extent to which any given political system is democratic, not simply whether it is or is not

democratic. Political institutions should be judged by the ways in which they advance or thwart movement towards the democratic ideal.

In the rest of this chapter we explore a number of core problems in the actual functioning of democratic institutions in the contemporary United States. We will begin by stating what should be a noncontroversial claim about the relationship between public and private power in American democracy: private property removes decisions of collective importance from democratic decision-making. This proposition forms the basis for a more elaborate discussion of the two kinds of constraints on democracy in a capitalist economy, which we will refer to as the “demand constraint” and the “resource constraint”. These general considerations will form the backdrop for our more detailed discussions of particular aspects of democracy in the chapters that follow.

THE CORE PROPOSITION: PUBLIC AND PRIVATE POWER IN CAPITALIST DEMOCRACY

Underlying our exploration of American democratic institutions is a simple proposition: *Many decisions that are of momentous importance to society as a whole and have deep public ramifications are made as “private” decisions by capitalist firms.* This should not be viewed as a controversial claim. It is an almost trivial observation of how a democratic capitalist society works, but still it is of fundamental importance if we are to understand the limits and potentials for democracy in America.

The proposition states that in a capitalist democracy, the basic decisions over the allocation of investments and the control over how they are used are made by private owners on the basis of their own self-interest. This allocation of power to individuals and firms is called “private property”. Of course there are public rules that impose constraints on how people spend their money and what they can do with their private property, but the background premise of all such rules is still that individuals have the right to decide what to do with “their” property as they see fit and the rules should interfere as little as possible with such rights. Many such decisions have a very large impact on other people and broader communities who have no say at all in the decisions. Here are some examples:

- Decisions to close a factory and move production abroad can have a devastating impact on the people in a region, including many people who do not work in the factory. For example, the value of houses of everyone in an area can drop precipitously when a large factory closes. Decisions to close factories are not simply the effect of the operation of impersonal “market forces” out of anyone’s control. Frequently a factory is closed not because it is unprofitable, but because the rate of profit would be higher in another location. If the people affected most by the decision – the employees – owned the factory, they would not close it because they would weigh the costs and benefits very differently. In any case, the decision is made on the basis of a private calculation of costs and benefits without regard to the effects on others.
- Decisions to invest in certain lines of production rather than others, for example large, energy efficient automobiles rather than smaller energy efficient vehicles, have big effects on the environment and cities. Even if these decisions are made in response to

“consumer demand” in the sense that the people who want to buy cars want to buy big cars, nevertheless it is still the case that these are private decisions made on the basis of each person’s private evaluation of their own interests, and yet they have big public ramifications.

- The choice of technologies, work organization, the skill structure of jobs and other aspects of the production process have large effects on the lives of people who work within firms, and yet these people are rarely part of the decision-making process through which these choices are made. Decisions to introduce labor saving technologies and fire workers have a large impact both on the families of those workers and on the larger community in which they live, but again, these are legally defined as managerial decisions made on behalf of the owners of private property which need not in any way be responsive to the interests of the affected workers.

These are perfectly ordinary, legal business decisions, the kinds of decisions that get made every day. They are considered private matters, but they massively shape the fate of communities, our collective dilemmas and futures, and thus these private decisions violate the fundamental principle of democracy. There may be disagreement about what, all things considered, is a desirable balance between the democracy and the powers linked to private property. Some people argue that even the limited restrictions we currently have on private property are undesirable because a more unfettered capitalism would be a more efficient capitalism; others argue that the existing balance between public regulation and private power is far too skewed towards the private. But whatever one’s views are on the problem of the optimal balance, there is no question that the fact of allocating so much power to private actors in the form of private property rights means that extensive decisions of great concern for the public are outside of public, democratic decision-making.

This proposition provides the foundation for understanding the constraints on the functioning of American democracy. In what follows, we will distinguish two broad types of constraints that impinge on democratic institutions, which we will call the *demand constraint* and the *resource constraint*.² In assessing any political process there are two kinds of questions that need to be explored: “What do people want?” and, “What kinds of power do they have to get what they want?” The “demand constraint” refers to *restrictions on the goals of politics*, on what people can realistically demand from the government; the “resource constraint” refers to the *different capacities different actors have* for accomplishing their goals.

THE DEMAND CONSTRAINT

How should we explain the kinds of demands that get raised in the political system? Why is it that such a narrow range of issues are actively debated in the political arena? In particular, why are political demands generally so mild, so unthreatening to the system as a whole? Why, most of the time, do people limit their political demands to things which are compatible with the basic economic interests of business corporations?

² This language and analysis from Cohen and Rogers, *On Democracy*.

The basic argument is this: so long as most important economic decisions are made through the exercise of private power – i.e. so long as the economy remains capitalist – *the welfare of everyone depends upon the welfare of capitalist firms*. Because owners of capital control investments, and investments are so important for the overall health of an economy, the satisfaction of the interests of owners is a necessary condition for the satisfaction of all other economic interests in the system. The “rules of the game” of capitalist democracy insure that in general only those demands get raised that are compatible with capitalist interests and a good business climate.

This argument can be elaborated through six steps:

1. If the basic interests of capitalist firms are not stably secured, then capitalist firms will not make adequate profits.
2. If capitalist firms do not make adequate profits, then owners of capital will reduce their investments in capitalist firms.
3. If investments decline, then there will be a decline in production.
4. If there is a decline in production, then there is a decline in jobs and wages.
5. If there is a decline in jobs, income, and production, then there will be a decline in tax revenues available to the state.
6. A decline in taxes means that the capacity of the democratic state to pursue all its goals declines. The state is dependent upon income generated in the capitalist economy for whatever it does. Any political demand that requires state spending, therefore, ultimately must be consistent with the process that generates the revenues for that spending.

Taken together, this connected chain of cause and effect means that political demands within a capitalist democracy are broadly constrained to be consistent with what is good for capitalist firms. Of course there will still be sharp debates about what is in fact good for the profitability of firms. Some people will argue that government programs to reduce pollution will ultimately be good for firms by creating a healthier natural environment; others will argue that the regulations will harm firms because the regulated firms will face higher costs than firms in other countries. But everyone on whatever side of the debate will ultimately have to worry about the real effects of the policy on the vitality of the economic environment for profit making.

One of the consequences of this deep dependence of the state on the private capitalist economy is that the interests of business appear to be in the “general interests” of society rather than merely the “special interests” of a particular class of people. There is a certainly irony here. The political demand for lower taxes on business is defended as being in the interests of everyone; the demand for higher wages for workers is attacked as reflecting the special interests of unions. The saying “what is good for General Motors is good for the country” therefore expresses a certain real truth: so long as America has a capitalist economy, it is critical that its corporations be profitable.³ This implies that there will be a strong tendency for people to limit

³ The saying is an accurate statement of the meaning, if not the precise wording, of Senate testimony in 1953 by the then president of General Motors, Charles Wilson, who said: “for years I thought what was good for the country was

their demands to those that are consistent with a “good business climate.” Every potential policy confronts the question “how will this affect business?” This imposes significant constraints on the character of demands that have any political traction for improvements of health care, childcare, the environment, energy, transportation, poverty. In each case, one of the pivotal axes of contention will be over the effects of such policy on the vitality of business. A sure way for a demand to be marginalized is for people to believe that it will be bad for business.

Furthermore, because of competition and pressures from investors, the time horizons for most capitalist firms tend to be fairly short-term, and thus the priority given to a healthy business climate and the interests of firms also tends to shorten the time horizons of political demands. Reforms that are actually beneficial to capitalists as a whole in the longer term, but costly in the short term, are thus generally resisted by the ‘business community.’ For example, suppose a reform of health insurance from the current mixed government and employer-based system to a single-payer system was proposed which, on the one hand would save money for most capitalists in the long term by restraining the long term rise in health costs, but which on the other hand would increase costs in the short term because of the universal health insurance coverage of all citizens. Such a reform is very likely to be opposed by business. Similarly, reforms that would have a serious impact on global warming or energy conservation are likely to increase costs on capitalist firms in the short term even though they would have long term benefits for capitalism as a whole. Again, such reforms are likely to be opposed by capitalists. Knowing these things, political actors are less likely to voice demands for such reforms in the first place.

The demand constraint on politics thus narrows political demands in two ways: first, it forces all political actors to be concerned with a “healthy business climate”, and second, it shortens the time horizon in which even the business climate is treated. The result is a pervasive preoccupation with short-term economic issues in political conflicts. This does not mean, of course, that people are only interested in money, or never think about the future. People value many things other than money – art, justice, spiritual salvation, nature, to name only a few. But even if people value these things, they nevertheless need material resources to pursue them. Even artists need to eat and have a roof over their heads, so they have an interest in a healthy capitalist economy, and this means a concern in the short-term interests of capitalist firms.

THE RESOURCE CONSTRAINT

The demand constraint imposes limits on *what people are likely to demand*, but it does not dictate unique outcomes. Even given the pressures towards short-term economic interests, political demands can be more or less short-run, more or less favorable to different categories of people, and in particular, more or less favorable to the interests of capitalists. There is also often considerable ambiguity on precisely what will be the effects of any given policy, so quite contrasting policies can all lay claim to being good for the economy. Furthermore, capitalists – like everyone else in a bargaining situation – often politically ask for much more than they actually need to make adequate profits. Bluffs and threats are a key part of political conflicts in a democracy and so exactly what policies get adopted depends upon the outcomes of political

good for General Motors, and vice versa.”

struggles between contending groups, not simply on abstract considerations of what kinds of policies will be good or bad for business.

This is where the *resource constraint* comes in: in the political struggles that take place within capitalist democracies, ordinary citizens operate under severe resource constraints in having their interests translated into public policy. The most straightforward examples are instances in which money and wealth directly shape the outcomes of political processes:

- In all capitalist democracies bribes and corruption influence public policy in various ways. All things considered, the United States probably has somewhat less corruption than many other capitalist democracies, but nevertheless, the direct use of bribes to influence both the passage of laws and the details of their implementation is a significant reality at every level of the political system. Corporations and wealthy individuals are in a much better position to influence government action in this way than are workers, the poor, and other categories of ordinary citizens.
- Even if we discount bribery, well-financed lobbying, backed by wealthy corporations and individuals, plays a significant role both in legislation and in the details of the actual implementation of public policy.
- Campaign contributions are another source of resource constraint: As we will see in chapter 17, when elections are privately funded and the constraints on private funding are weak, then the wealthy and organizations representing the wealthy are in a much better position to influence the selection of candidates and the outcomes of elections than are ordinary voters.
- Control over mass media is another critical form of resource constraint. The central political right of freedom of speech is a formal right in the sense that everyone has the same freedom to express their ideas. But different social categories have vastly unequal access to the means to disseminate their ideas. Whose “free speech” is likely to be heard more loudly – an unemployed worker or media magnates like Rupert Murdoch?

In each of these examples, people with limited wealth and money have distinct disadvantages in directly influencing political outcomes. Money Talks. Still, in a democracy Numbers Talk also. Elites and wealthy individuals are a small proportion of the total population. If public policy is drastically biased in favor of the rich and powerful, why don't ordinary citizens just get together and elect politicians who will serve their interests? They greatly outnumber elites, so they would win every time in a game of numbers, and that is what democracy is supposed to be.

The problem is that the resource constraint fundamentally undermines the ability of citizens to act collectively. To understand how this works we have to return to a theme we explored in our discussion of the market: the free rider problem.

The Resource Constraint and the Free Rider Problem

Recall what the central issue is in the free-rider problem: In many situations people can personally benefit from the collective actions of others without directly participating in those collective actions and thus avoiding the costs of participation. A worker who does not participate

in a strike will still get a wage raise if the strike succeeds. A person who does not participate in recycling will still get the benefit of an improved environment if everyone else participates. Since in such situations there is a real cost to contributing to the provision of the “public good” that is the result of collective action, and since each individual’s own participation makes so little difference to the outcome, many people are tempted to sit on the sidelines and let other people pay these costs. That is called “free riding”.

How does the free rider problem impact on democracy and how is it linked to the resource constraint? Here is the central issue: Democracy requires very high levels of robust cooperation among people. This is sometimes called “mobilization”: mobilization for political campaigns, mobilization for voting, mobilization for protests. People have to be willing to join together for political purposes, and there are always costs associated with such participation. The free rider problem makes political mobilization difficult. And – here is the crucial point – it is generally easier for wealthy people, people with lots of resources, to solve this problem or at least reduce its negative impact on their interests.

Let us look at the political free-rider problem for ordinary citizens: The empirical efficacy of *individual* participation in many political contexts is very low for most people. In most forms of political mobilization for most people whether or not they themselves participate will have a negligible effect on the likelihood of success of the political action in question. Elections, especially for important offices, are virtually never decided by one vote. One person more or less at a demonstration doesn’t change the impact of the demonstration. One letter more or less from an ordinary citizen to a politician is not going to change a vote on legislation. From the simple point of view of one’s own time and effort, for most citizens the answer to the question “is my effort in this political cause likely to affect an outcome that I care about?” is almost always no. If most people decide to participate in political mobilization only when their participation will clearly make a difference, then most people will abstain.

In the case of wealthy elites and corporations, the problem looks quite different. There are many ways in which individual corporations and wealthy individuals can participate in political activity in which their individual contribution makes a significant difference to the outcome. When the executives in a large pharmaceutical corporation ask themselves the question: “is the effort – and especially the money – our corporation can contribute to a political cause that is in our interests likely to affect the outcome?” the answer is often yes. The individual contribution of a corporation to a lobbying effort or to a political campaign of a sympathetic candidate can potentially have a significant impact on the outcome. This makes the cost/benefit calculation much simpler: individual effort has more than a negligible impact on the outcome. It also makes coordinated contributions easier, since each contributor sees a tangible benefit from contributing.

Another way of framing this contrast between elites and ordinary citizens is this: For elites political influence depends mainly on their *willingness to pay*. For ordinary citizens the most critical form of participation is time and effort. Their political influence depends mainly on their

*willingness to act.*⁴ For rich individuals and powerful corporations, financial contributions to political campaigns do not in general significantly reduce their own levels of consumption or investment – they have plenty of discretionary resources to use for this purpose. For ordinary people active participation always implies a decision to use a scarce resource -- time and effort -- in one way and not another. The willingness to act involves much tougher problems of collective action, cooperation and coordination than the willingness to pay. This contrast between the way resources impinge on the process of political participation for powerful and wealthy political actors – both individuals and corporations – and for ordinary citizens is the fundamental issue in the resource constraint in capitalist democracies.

Information and the problem of “rational ignorance”

One of the central ways in which the resource constraint undermines democracy concerns the problem of information. Good quality information is critical for any democratic process. If citizens are to participate in the exercise of political power in an effective and meaningful way, then they need to have good information relevant problems being confronted in the political arena. This is one of the reasons why freedom of speech is considered such an important right and a free press such an important institution within democratic political systems.

The problem is that high quality information is often costly to obtain. It takes time and effort to distinguish reliable from unreliable information, and in many instances it takes considerable training to even know how to go about this task. This is one reason, for example, why there are specialized services to provide certain kinds of information to people. *Consumer Reports*, for example, is a nonprofit organization that tests consumer products and publishes easily accessible evaluations and ratings of different brands. Particularly when a consumer is purchasing an expensive product, this provides an inexpensive way to make decisions based on pretty high quality information.

In the instance of consumer choices in the market there is a fairly significant incentive to get good information since, after all, that information not only will affect the choice of the consumer, but the actual outcome of that choice. In the case of political information, the issue is not so simple. It is true that having good quality information could affect the choice an individual citizen might make in the voting booth, but since that individual's own vote has in practical terms no effect on the outcome of the election (since elections are basically never decided by one vote), *getting good information will not affect the outcome itself*. When most citizens ask themselves the question “is the benefit of having good information worth the costs of acquiring it?” the answer will therefore be “no”, at least if the motivation for getting good information is affecting the political outcome. There are, of course, other motivations, and these can be quite important. Many people are curious about the world and want to have good information about what's going on. This is the hallmark of the social category called “intellectuals”: they enjoy

⁴ This contrast between willingness to pay and willingness to act comes from Claus Offe and Helmut Weisenthal, “Two Logics of collective Action: theoretical notes on social class and organizational form,” in Maurice Zeitlin (ed), *Political Power and Social Theory*, vol. 1, 1980 (JAI Press, 1980), pp.67-116.

knowledge for its own sake and value high quality information not simply because it makes for more rational choices, but because it contributes to their knowledge of the world. For information about social and political issues, however, most people are not serious intellectuals in this sense, and thus they have little incentive to seek out high quality information about politically important issues since such information is costly to obtain. The result is that for most people most of the time, the information they acquire on political issues is limited to the information that is available at zero cost, namely information provided through the mass media, especially television.

Consider, for example, the question of healthcare reform. There are many conflicting views about the nature of the problem and the optimal solutions. In order to really sort this out and come to a well-informed opinion about what would be the optimal policy for the United States requires a lot of effort. Is it worth the trouble? Time is scarce; people have many things they care about for which getting good information will have tangible effects. Is it worth sorting through all of the arguments, searching out the most respected and reliable scholars and experts on the issues and on the basis of this information making up one's own mind? For most people, even those whose lives will be most affected by a change in the healthcare system, whether or not they get good information on this political issue will in no way affect the outcome. It doesn't really matter how important the political decision is to them and how much of a difference a "right" decision will make in their lives. What matters in information acquisition is whether the value of the right decision, given the microscopic probability that a well-informed (or ignorant) you will make any difference in the outcome, is greater than the cost of being well-informed. It almost never is. So, unless they value being well-informed for its own sake, it won't be economically rational for most people to invest their own time in acquiring that information. It is economically rational to be ignorant, or leave your information acquisition to that information that can be acquired for "free."

For elites and powerful corporations, in contrast, it is often worth getting high quality information about political issues, about the alternatives being debated, about the nature of government regulations and policies. It is worthwhile for health insurance corporations to have precise information about the nature of proposed legislation on healthcare and its expected impact on their interests, and to have good information about the likely behavior of different politicians with respect to these issues. Furthermore, given the enormously high stakes of the policy issues and given their ability to influence the outcomes, it is worth spending large sums of money to influence the terms of the debate. In particular, it is worth spending a lot of money providing "free" information to the public about the effects of alternative healthcare reform proposals. This is done most obviously through advertising campaigns, like the notorious campaign against healthcare reform in the early 1990s, but it is also done through providing "talking heads" commentaries on news programs and in other ways influencing the way the issues get framed in public discussions.

In short, it makes sense for powerful groups to spend lots of money to provide free information – or, more precisely in many contexts, *misinformation* – to citizens, and for most ordinary people to only consume such free information. Or, to put the matter in starker terms: *It is rational for most people to remain ignorant about political matters.*

Rational ignorance is another example of a collective action problem: Most citizens have an interest in having elections decided on the basis of good quality information since this increases the chances of electing candidates who best serves their interests. If all citizens paid for good quality information on political issues, then this would improve the quality of electoral competition and increase the likelihood of the interests of most citizens being effectively represented. But for any given voter, whether or not they themselves spend the time and money for good information will not affect the outcome of elections. If most citizens behave this way, then elections will be based on poor quality information -- sound bites, political propaganda, advertisements by wealth interest groups, etc.

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All capitalist democracies confront the problem of the demand constraint and the resource constraint on democratic politics. This is inherent in the basic structure of these societies. Nevertheless, the degree to which these constraints reduce democracy varies. In all capitalist democracies, the centrality of private ownership to the functioning of the economy excludes important issues from direct democratic decisionmaking and constrains the kinds of political demands citizens can realistically make. Citizens in all capitalist democracies face resource constraints in organizing politically, and “rational ignorance” is an issue everywhere. Yet, depending upon how the political system is organized, how the rules of the game are structured, how the rights of private property are regulated, and many other things, these constraints on democracy may be very narrow or relatively lax. In the chapters that follow we will examine a range of issues which shape the distinctive character of these constraints in American democracy.