1 BOOK REVIEW

Stefan Collignon, The European Republic:Reflections on the Political Economy of a Future Constitution. London: The Federal Trust, 2003, 212 pp. (www.fedtrust.co.uk), Distribution by Kogan Page Ltd, London; ISBN: 1903403626; Price: Hardcover $75; Paperback GBP 18.00

This book is a major contribution to economics and political philosophy. The primary concern of the author is what the constitution of Europe should be in order to create a democratic European republic out of the present European institution, which is the European Union. The thesis of the book is that the construction of a satisfactory governing body must be based on a European democracy, an electoral democracy, in order to produce a governing body that manages the European economy in an efficient manner in the creation and distribution of collective goods. His argument is a learned one that is articulated in an argument of convincing detail.

My intention is to focus on the underlying structure of the argument in a way that reveals the special insight of it. Many have thought that justice would be served by the formation of a European republic, a genuine European democracy. However, Collignon has an argument that is novel and must be considered by anyone interested in either economic efficiency or social justice or both in Europe but also globally. I am persuaded by his argument for a European republic, but beyond Europe there is a world to be governed. I do not contend that his argument for a European Republic can, without qualification, be extended to an argument for a World Republic. Nevertheless, the argument has global implications.

First let us consider the argument for the European republic. The underlying argument has a small number of plausible premises. Suppose that the EU simply undertakes management of the economy of member states. What are the conditions of efficient management? Economies produce two kinds of results that are central to the argument. One is intended production of collective goods to which everyone has access. Another is the externalities, which are results beyond those that are sought. There is a simple set of reflections that lead to the argument for democracy. The first is that whether outcomes of economic activity produce benefits or losses depends on the preferences of those affected. Simply put, the success of economic

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activity depends on the production of what those effected prefer. Those preferences depend in part on the agreed upon values of constituencies affected by the activity. Collignon calls such constituencies *epistemic* because the members of the constituency are informed of what they are. A better choice of an expression to describe them, in my opinion, would have been value constituencies. It is shared values informing preferences that create the constituencies.

The epistemic constituencies are individuated by a consensus within a constituency about preferences. Now, here is one crucial point that drives the argument. Epistemic constituencies, whether large or small, know what they prefer and consensually determine what they prefer. Thus, decision making by a governing body concerning economic activity, or any other activity, will produce results the merits of which will depend on the epistemic constituencies and the values upon which they have agreed. This simple observation yields far-reaching conclusions. If the results produced are contrary to the preferences of epistemic constituencies, the legitimacy of the economic activity or policies of the governing body is in question.

How can the actions or policies of the governing power be legitimated? If the governing body is democratically elected by the epistemic constituencies and follows practices or rules legitimated by democratic acceptance of them, there is a resolution of the question. Simply put, the democratic acceptance of a governing power and rules that constitute the authority of it can legitimate the production of specific consequences resulting from the exercise of constitutive rules even if they are not the preferred results of the epistemic constituencies.

Thus, the first point is that a governing body will inevitably produce results that are contrary to the consensual values of some epistemic constituencies. This can only be a legitimate exercise of power if the governing body is acting in accord with rules that are democratically legitimated as constitutive of the governing power. Thus, if a constitution is democratically adopted and the governing power acts according to rules that are constitutive of its governing power according to the constitution, the consequences, if contrary to some epistemic preferences, gain some legitimacy provided they respect the constitutional rights of the individuals who would prefer different results. In short, democratic choice of a constitutional government gives the constituencies the right to demand that the governing body acts in accordance with the rules that constitute it by the constitution. It does not give them the right to receive what they prefer in terms of

specific actions and their consequences. Collignon's basic principle is that a governing power can legitimately deny to individuals and constituencies what they prefer if and only if the governing body is following the rules that are constitutive of its power by democratic choice. This argument, as Collignon notes, is derived from Rawls, and following Rawl's account of constitutive rules and practices, Searle.

So the first argument for democracy, which is familiar, is that it provides the only legitimation for a governing body to act contrary to the preferences of individuals and constituencies. This leaves open the question of how direct the democracy must be. Is it sufficient that leaders of democratic states or their appointees act in accord to reach agreement about governing Europe? Collignon argues for the direct election of members of a legislature on the grounds that individuals and constituencies whose preferences are denied will suffer the discontent resulting from the recognition that they did not agree to the rules constituting the power of the governing entity. His point is that it is social consensus that stands behind the legitimation of rules and practices. Consensus about the consitutive rules is what legitimates the exercise of them and especially of those inevitable results that are contrary to the preferences of the epistemic constituencies that have dissenting values.

Collignon argues that dissent is consistent with legitimate governance when legitimated by democratic acceptance of constitutive rules. This provides Collignon with a more central doctrine of his account that was influenced by the work I did with Carl Wagner, which was independently anticipated by M.H. DeGroot, on consensus. We explored the question of the formation of consensus as the result of people altering probabilities and preferences they hold by assigning positive weight to the probabilities or preferences of others. Simply put, if individuals belonging to a group divide a unit vote between their own preferences and those of others, modifying their position by weighted averaging, the process, when iterated and sat-

[1] K. Lehrer and Carl Wagner, *Rational Consensus in Science and Society* (Dordrecht: Reidel, 1981), I discus the application of the theory to political philosophy in "Individualism, Communitarianism and Consensus," *The Journal of Ethics,* 5(2001), pp. 105–120.

[2] M.H. DeGroot, "Reaching a Consensus, "*Journal of the American Statistical Association*, 69 (1974), pp. 118–212. Collignon describes us a following DeGroot which is not historically accurate. I discovered the conseusus theorem independently, but the first publication of the consensus theorem was DeGroot.

isfying a condition of connectedness of positive respect will converge toward consensus. The positive respect condition is rather minimal. It allows for individuals to initially assign zero weight to others provided there is a vector of positive respect in which each individual gives positive respect to the next person in the sequence. So, it is possible that the connectedness condition should be satisfied if each person assigns positive weight to himself or herself and to one other person, the next person in the sequence. The condition assuring convergence is fairly minimal provided that there is sufficient contact between members of the group. Collignon has adopted and adapted the model, which he calls the *stochastic consensus model* to distinguish it from deterministic models of Buchanan-Tullock unanimity, in a very innovative way.

Once the consensus of a constituency is defined in this way, it becomes clear that the consensus of the epistemic constituency is dynamic rather than static. Preferences of the constituency change as they give positive respect to others in the group, and more interestingly, outside the group, resulting from exchange of information and significant contact. This supplies another reason for the democratic choice of a constitution, a governing structure and rules constitutive of the power of it. Democratic choice necessitates discussion of political issues and provides significant contact between members of a constituency, and more importantly, between members of different constituencies. The importance of the latter becomes salient when one observes that two groups that are disjoint and isolated can be joined to yield a consensus by one member of each group giving positive weight to a member of the other group which is reciprocated and sustained in iteration of weighted averaging.

Moreover, as Wagner and I showed, the weights that members of the group assign to each other do not have to remain constant to reach consensus between the members of the group provided that connectedness is maintained and positive weight is not diminished too rapidly. The insight of the dynamics of reaching consensus in a democratic process even if it does not converge to agreement at the time of the vote is pretty clear. There is a consensual commitment to the voting, a process of democratic choice. Though Collignon does not put it this way, one of the constitutive rules of democracy is that

[3] J. Buchanan and G. Tullock, *The Calculus of Consent: Logical Foundations of Constitutional Remocracy* (Ann Arbor: University of Michian Press, 1962).

those who govern are chosen by vote. It is a clear case of the point that Collignon makes concerning economic choice. You may not get what you prefer. Some constituencies may not get what they prefer, when the vote is counted. But they have agreed to a constitution, which makes choice by the vote a rule that is constitutive of the selection of legislatures and leaders.

Some of this argument will seem familiar enough, but there is an innovative aspect, perhaps revolutionary aspect, of the argument that places it in opposition to a standard model of consensus by social choice. A standard social choice model is based on the assumption of static preferences of members of a community creating conflicting externalities. This model of static preferences incorporating rigid conflict is replaced by a dynamic model of preferences of members of a community altered by the weights they assign to other members of the community. The importance of this change of economic model is salient in the work of Collignon.

It has been assumed that political activity takes place against a background of static individual preferences. If the cost of creating collective goods is the result that some individual or group of individuals do not receive what they prefer, then an externality is created. That model ignores the possibility, and the actuality, that a process of political or social choice may influence preferences in a way that reduces externalities. If, for example, political decision is the result of exchange of information and negotiation that alters individual preferences to match social preferences, then externalities that would have resulted from a static retention of the original preferences is altered in the dynamic process of reaching consensus. If, in an ideal case, consensus is reached by a dynamic process in which consensual preferences become individual preferences, the process would eliminate externalities by eliminating conflict between social preferences and individual preferences.

Some have suggested highly idealized processes for achieving such results, J. Habermas, noted by Collignon. But consensus may arise from processes that are not ideal provided only that individuals reach consensus by consistently modifying their conflicting preferences, rather than retaining the conflict, in terms of positive weight they assign to the preferences of others. Such a process modifies individual preferences by aggregating them with the preferences of others in

[4] J. Habermas, *The Theory of Communicative Action, Volume 1: Reason and the Rationalization of Society* (London: Heinemam Foundation, 1984).

terms of the weights individuals assign to others. The application and brilliant modification of the consensus model Wagner and I proposed to apply to dynamic change enables Collignon to conclude that the democratic process has a dynamic duality in dealing with conflicts between individuals and constituencies. In the first places, the consensual process legitimates externalities of democratic choice resulting from the application of constitutive rules of governing power consensually accepted. Dissent may remain, but conflict is resolved by commitment to the results of consensual exercise of democratic power. More fundamentally, the democratic process involving exchange of information in discussion of controversial issues reduces externalities as the result of the alteration of individual preferences to match consensual preferences as individuals give positive weight to the preferences of others and consistently modify their preferences in terms of the weights they give to the preferences of others.

There are many interesting and important reflections about the need for democracy, the need for the choice of the European leaders, including the president, by a European electorate rather than by national leaders. The basic reason is that there is a European electoral body that may disagree with its national leaders about the choice of those who should govern the European Republic. He argues both theoretically and empirically that only the choice of a constitution and political leaders by democratic vote of the citizens of Europe can provide the legitimation for constitutive rules of governance and the actions of the leaders. If they are not democratically chosen, then individuals and epistemic constituencies may doubt the legitimacy of actions that are contrary to their preferences.

A bonus of democracy, Collignon insists, is that the process of deliberation, discussion and democratic choice may increase respect and reach consensus. When consensus is created between formerly isolated epistemic constituencies, consequences that were external to the consensus of a group may become internal to it. Whether something is an externality for a group or an internal preference of it may be altered by the formation of a new consensus concerning preferences. The internalization of externalities may be a by-product of the democratic processes of deliberation. Even minimal increase in respect can, as we have noted, connect isolated constituencies into a combined if not unified constituency with new consensual preference. If that seems too much to hope for from the democratic process, one may at least hope for some movement of opinion and preference in a consensual direction.

This book is a bold and scholarly defense of democracy and democratic deliberation in the special case of Europe and the constitution for a European Republic. I find it very convincing. I have not sought to present the details of the argument, which I greatly admire. What I wish to notice in conclusion is that the argument is a powerful defense of democracy against the opponents of it both at the national level and globally. It is not difficult to extend the argument about Europe to the world and a World Republic. Collignon sees clearly that the rules constitutive of legitimate power depend on a structure of existing practice. What he also sees more clearly than others is that the process of deliberation to reach the constitution and constitutive rules of democratic governance has the power to create positive respect where it was lacking and begin the process of converging, however slowly at first, toward wider social consensus and the internalization of new consensual preference.

The democratic process legitimates the exercise of power at the same time that it internalizes externalities to eliminate irresolvable conflict that results in the violence of attempting to resolve issues by war. South Africa seems to me an empirical test case of the thesis. Perhaps the reason that democracy works when it does is that the deliberation used in the creation and evolution of it connects groups to form a new consensus. When it succeeds and there is convergence toward consensus within and among groups, externalities are reduced in a way that makes democracy succeed. Perhaps the efficiency of democracy is the result of creating consensus and reducing the externality of consequences. The process of democratic deliberation may be what makes the actions of democracy acceptable. The success of democracy may be internal to democratic processes that create consensus by increasing positive respect for others. Collignon's articulation of this idea of the relationship of consensus to democracy is a major contribution to political theory.

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