

# The Epoch Times

## Our Oligarchs Can Thank James Madison

By Ryan McMaken

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A recent study from Princeton and Northwestern concluded that the United States is an “oligarchy” ruled by a small group of wealthy elites and interest groups.

According to [authors](#) Martin Gilens and Benjamin Page:

“The central point that emerges from our research is that economic elites and organized groups representing business interests have substantial independent impacts on U.S. government policy, while mass-based interest groups and average citizens have little or no independent influence. Fortunately for The Average Joe, however, his stated policy preferences happen to coincide with the desires of the wealthy elites much of the time, (according to the study) so even though his views and desires don’t matter in Congress, he nonetheless sometimes gets what he wants, simply by coincidence.”[1]

It’s only when the desires of middle-income Americans are in conflict with the goals of interest groups and the wealthy elites that he is likely to lose most of the time:

“Not only do ordinary citizens not have uniquely substantial power over policy decisions; they have little or no independent influence on policy at all.”

Are interest groups and wealthy elites more powerful than the average American? Certainly evidence of that is all around us, with perhaps the most obvious and dramatic example in recent years being the passage of the Troubled Asset Relief Program (TARP) engineered by the Bush administration in 2008 to bail out wealthy hedge fund managers and bankers who had run their companies into the ground. Prior to the passage of TARP, members of Congress admitted that calls from their constituents were 95 percent or more against the passage of TARP. Congress passed the legislation anyway, handing about a trillion dollars of taxpayer money to wealthy corporations, bankers, and other interests.

### James Madison and Federalist #10

According to the propagandists for the centralization of the American national government in 1787, known euphemistically today as “Federalists,” the size, scope, and diversity of the United States is supposed to make such looting impossible. The claim that a larger and more expansive

government produces more freedom may seem counterintuitive to some, but such is the proposition taught to American school children year after year.

We have James Madison, and specifically his Federalist Paper No. 10, to thank for the popularity of this rather dubious theory.

In the essay, Madison's position is that large expansive republics are superior to small limited republics because they balance a variety of "factions" (by which he meant interest groups and voting blocs) against each other and prevent any single group from unduly influencing the government. In a small republic, Madison argued, small factions are able to easily take control of the state's resources or the state itself. Included among these factions is any large voting bloc with similar interests. The majority and its alleged penchant for the oppression of the minority can be controlled by cancelling out the interests of local majorities at the national level with majorities from other states, thus leading to a balanced population in which no particular faction can gain an upper hand.

Madison's purpose was to demonstrate that if the American states were allowed to remain largely independent, as they indeed were in 1787, they would degenerate into despotism, but if the states were all consolidated into one federal system, the different factions within the many states would be balanced out and no group or alliance could ever take control of the new government.

Like today's elites in D.C. and Brussels, Madison's greatest fear was political decentralization and disintegration, and upon reading No. 10 and other Federalist writings, it quickly becomes clear that many of them were obsessed with the idea of the United States being torn apart by separatist and rebellious factions. This preoccupation is easy to understand if we remember that the convention of 1787 was born out of hysteria over domestic terrorism. That's not the terminology they used at the time, of course, but the catalyst for the convention was [Shays' Rebellion](#). The response of the wealthy elites at the time — people like George Washington and James Madison — was to call for a massive expansion of government power to ensure that any future resistance movement could be easily crushed.

## **The Anti-Federalist Response**

Many of the anti-Federalists, including "Cato" disputed the assertions of Madison (who offered precious few real-world examples to support his theory).

Specifically, Cato's letters argue that smaller states are superior to larger ones because they control less wealth and fewer resources, and therefore offer fewer benefits to factions seeking power, while at the same time limiting the scope and complexity of state matters to a scale at which "average" citizens can hope to understand and witness the dangers posed by those seeking to extract government favors. [Cato quotes Montesquieu](#):

"[T]here are too great deposits to intrust in the hands of a single subject, an ambitious person soon becomes sensible that he may be happy, great, and glorious by oppressing his fellow citizens, and that he might raise himself to grandeur, on the ruins of his country. In large

republics, the public good is sacrificed to a thousand views; in a small one the interest of the public is easily perceived, better understood, and more within the reach of every citizen; abuses have a less extent, and of course are less protected.”

In other words, small republics prevent any one interest from seizing the sort of super-sized power that would most easily be attained through a more expansive state. Moreover, in a large republic, the overall population consists of many competing factions that pave the way for factions to seize power by encouraging division among the population.

In these arguments we see some early precursors of arguments we find later in Rothbard and Hoppe.[2] Hoppe offers [the anti-Madisonian view](#):

“Political integration involves the territorial expansion of a state’s powers of taxation and property regulation. ... In general, the smaller a country and its internal markets the more likely it is that it will opt for free trade.”

“I think that a world consisting of tens of thousands of distinct countries, regions and cantons, and hundreds of thousands of independent free cities such as the present-day “oddities” of Monaco, Andorra, San Marino, Liechtenstein, Hong Kong, and Singapore, would be a world of unprecedented prosperity, economic growth, and cultural advancement.”

## Conclusion

The anti-Federalists lost and Madison won, so we can now witness the true extent to which a large republic has failed to prevent the rise of exploitive and powerful factions in the United States. The U.S. government now controls more than 2.5 trillion dollars that flow to the treasury every year, inviting every faction, large and small, that hopes to capture even a tiny fraction of this enormous pile of wealth for itself. Never in the history of the world has any single state spent so much and owed so much, while maintaining military bases in every corner of the world while spying, cataloging, taxing, regulating, and imprisoning so many.

At one time, it was thought that those who paid for such “amenities” would rise up and object, but thanks to the vastness of the republic, taxing and spending need never be challenged. This huge, federal republic, so naively assumed by Madison to be balanced against spending and expansion, has instead facilitated a way to allow endless spending by simply spreading out the benefits. Many districts, states, counties, and regions may theoretically be at odds, but their primary concern is getting their share. Whether it’s military spending in the South, subsidies for industry in the North, cheap lands and water for farmers and ranchers in the West, farm bills for the farmers, pensions and pills for the elderly, schools for families, and roads for everyone else, there’s no one left to protest. Meanwhile, the sheer vastness and uniformity of the state’s power nationwide ensures few options for voting with one’s feet to the millions within its enormous frontiers.

The system of oligarchy identified by Gilens and Page is familiar territory to economic historians. Today’s oligarchs are little more than modern versions of the mercantilists of old. It’s unfortunate the American Revolution, a war fought against mercantilist privilege, ended as a

Federalist counter-revolution that paved the way for the triumph of similar interests in later decades.

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**Notes:**

[1] The study is written by political scientists performing quantitative analysis, so it's best to not get bogged down in the numerical details of the study. Nevertheless, while we might critically dissect the assumptions and data behind the report, one is still struck by how very plausible the report's research and conclusion are.

[2] Rothbard is said to have suggested the name of the Cato Institute due to his affinity for the letters of the Anti-Federalist Cato.