

# On the Optimal Number of Representatives

**Discussion**

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# Overview

- **Objective:** Determine optimal number of representatives
  - Underlying Ideas
    - Accurately reflect society's preferences in parliament
    - Minimize cost of representation
- **“Players”**
  - Founding Fathers
    - They do not know the probability distribution of the citizens' preferences, and they know that nobody knows it
    - They know that no agent in society is omniscient, impartial, or benevolent
  - Members of Society
    - Asymmetrically informed about preferences
    - Opportunistic
    - “Decentralized Knowledge”

# Representative Democracy

**Founding Fathers**

- Impartial
- Benevolent
- Utilitarian
- Bayesian

Write Constitution ("Representation Mechanism")

$N - (n + 1)$  "Passive Citizens"

- Random sample of agents
- Do not vote
- Reveal their preferences

$n$  Representatives

- Self-interested
- Carries out public decision

Executive

# Representation Mechanism

- **Main Complication**
  - Founding Fathers cannot fully specify the expected welfare function that they would like to maximize by means of the choice of a constitution
- **Restrictions on Constitution**
  - Separation of Powers
  - Subsidiarity Principle
  - Anonymity
  - Non-Manipulability
- **Result**
  - Only robust mechanism is a “sampling Groves mechanism”
  - Exclusive reliance on representatives’ reports

# Empirical Assessment

- Dataset of 111 countries
- **Basic “Test” of Square-Root Model**
  - Results indicate that the number of representatives is proportional to  $N^{0.4}$ 
    - In numbers → 474 vs. 751 representatives per 100 mio. people
- **Red Tape & Corruption**
  - Positive correlation between number of representatives and red tape
    - Main Driver: *Excess* number of representatives
    - “Quantity Theory” of Legislators’ Activities
  - Positive correlation between number of representatives and the degree of perceived corruption

# Questions

- **Executive:** How is (s)he installed?
  - Former “Representative” vs. “Passive Citizen”
- **Cost of Representation**
  - “Information-acquisition cost”: People become fully aware of their preferences; how realistic is this?
- **Bicameral Systems**
  - Why sum across “houses”?
  - (Interesting) Extension (?): Look at the “distribution” of representatives across a two-tier system” (capture checks-and-balances idea)

# Comments

- **Regional Patterns**
- **DEM46**
  - “Older” democracies tend to have smaller parliaments
  - Endogenous responses of political system
- **Corruption**
  - Link back to citizens’ preferences
- **“Intuition”**
  - History dependence and slow adjustment
  - Thoughts regarding implementation (?)