

Chapter 6

The Political State

ABSTRACT

This chapter advocates for a paradigm shift. Its main critique problematizes the scale invariance that permeates economics (both orthodox and heterodox). Just like Newtonian gravitation, economics assumes that the relationships defining any given system, both internally and in relation to the environment, do not change when that system undergoes any dilation. In other words, no matter how large or small the system becomes, economics assumes that the laws governing its dynamics do not change. One example comes from using homogeneous production functions to ensure the scale invariance of growth models. In contrast, in physics, we know that there is a characteristic scale dictated by constants such as the speed of light or the Planck length. As objects reach that limit, the Newtonian model would no longer be valid. Economics due to its scale-invariance, furnishes public policy prescriptions that engender such scale distortions.

INTRODUCTION

An earlier version of this chapter appeared in *Constitutional Political Economy*. See Gussen (2013). The observation that economics is scale-invariant is not new.² Anecdotally, James Buchanan, the father of constitutional political economy, used to invite his students to reflect on what would happen to a fly if we were to increase its size ten times. Would it still be able to fly? This problematization of scale invariance, however, has not been generalized. This

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chapter takes the above ‘imperial’ critique and applies it to the political state. As discussed below, this leads to advocacy for local autonomy, especially through the resurrection of free city-regions. The chapter is hence part of the literature on localism and urban economics, with a constitutional anchor. In this sense, it belongs to (normative) constitutional political economy.

The chapter’s main thesis is that societal crises are manifestations of ‘the problem of scale.’ Through scale distortion or scale entanglement or both, society’s cyclical fluctuations inevitably result in collapse. ‘Scale distortion’ is when the relative size of societies (dynamic systems generally) grows to a critical level that precipitates crisis. This is related to population and jurisdiction growth. ‘Scale entanglement’ is what results from strong modalities of integration (including innovation). Globalization—at least the top-down approach espoused by nation-states—is the archetype of such entanglement. To prevent this outcome, scale has to be corrected downwards. This can be done only if the state is reinvented as subsidiary to autonomous city-regions of limited jurisdictional footprint.

There are six parts to this chapter. The first furnishes an *ansatz* explaining the problem of scale. The next three parts follow closely the *ansatz* in section one. Section two zeros in on the link between symmetry breaking and the production of scale. Section three focuses on the second link between the production of scale and complexity, while section four establishes the link between increased complexity and collapse. Section five elaborates on the central idea that autonomous city-regions, characterized by small jurisdictional footprints, mitigate the possibility of collapse. Section six provides some concluding remarks.

A DIAGNOSTIC ANSATZ

This section introduces the ‘complexity *ansatz*,’ a framework that integrates different analytical constructs into a smaller set of only four variables, namely symmetry (breaking), scale, complexity, and collapse. Figure 1 is a vignette constituting the problem of scale. The *ansatz* is built on four core concepts: symmetry, scale, complexity and collapse. Each concept has a technical meaning and their essential features are described following.

‘Symmetry’ is simply “immunity to a possible change” (Rosen, 1995, p. 2); it is the essence of equilibrium. Symmetry freezes degrees of freedom.

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