A. The English Context -- American Institutions are *English*

1. Political -- Representative Government; Separation of Powers; the Common Law

2. Economic -- Private Property Rights Enforced by Government

B. General Theme -- The interaction of Private Property Rights and Representative Democracy. This interaction is *dynamic* and produces feedback effects between the Political System and the Economic System. Geographic Based Representation Precludes a Parliamentary style system. Plurality Election Produces 2 Political Parties.

1. Inventors and Entrepreneurs Create things! These creations produce *Unanticipated Structural Changes in the Economy and the social system!*

2. These Unanticipated Structure Changes Generate *Massive Ripple Effects* in the Economic and Political Systems.

3. These Ripple Effects Produce a Political Response.

4. The Political Responses produces a *Feedback* into the Economic System by altering the structure of incentives.

5. The Nature of the Political Response is shaped by *Ideology*. The Glue that binds together the members of a Political Party is provided by a *set of beliefs* about what is "good" -- Who gets what, who should rule.

6. The Effects of Shocks Go Both Ways -- There can be *Political Shocks* -- War -- that produce Economic Change.

C. The Historical Context of *Federalist # 10*

1. The Colonial Economy
   
   a. Virginia: Tobacco and Indentured Servitude
   
   b. The Carolinas: Naval Stores, Indigo, and Rice
c. Georgia: Rice

d. New England: Timber, grains, Rum, Ships

2. Colonial Politics

a. BiCameral Legislatures -- House of Burgesses in Virginia
   founded 1619
   
   - Population Based
   - Legislatures Expanded as Population Expanded
   - Legislatures *Very Active* -- Land had to be distributed;
     public facilities had to be provided for an ever rapidly
     growing population

b. Social Classes were *Very Fluid* -- No Real Aristocracy

c. Economy Rapidly Shifted as it Diversified with the Rapidly
   Expanding Population -- This Constantly Produced New Self-
   Made Men -- Successful Merchants, Shippers, Growers,
   Mechanics, etc. -- So Political Alliances were fluid and were in
   constant ferment.

d. The Royal Governors did not have enough British Troops to
   enforce their will so they were never able to assert much
   control.

e. The combination of Fluid Social Classes and little or no British
   Military presence meant that the rampant factionalism was
   uncontrollable.

3. The Economic Grievances that led to the War for Independence

a. The Navigation Acts and Enumerated Articles

b. The Cost of the French-Indian War 1753-1763

c. British Payment of Defense Costs of Colonies Led to Attempts
   to Tax

4. The Political Grievances that led to the War for Independence
a. The Economic Burden of Taxation by Britain

b. Winners and Losers From the Navigation Acts


5. The Interaction Between the Economic and Political Grievances

D. Federalist # 10

1. Madison's Argument for the Constitution

2. Problems With Madison's Argument

3. Madison's view of Political Parties

4. Madison’s Key Insights Into the Nature of Politics