

like ourselves can only show how these details fit into the general scheme of things.

#### IV. SUMMARY

Although governments are of crucial importance in every economy, economic theory has produced no satisfactory behavior rule for them comparable to the rules it uses to predict the actions of consumers and firms. Our thesis attempts to provide such a rule by positing that democratic governments act rationally to maximize political support.

By *rational* action, we mean action which is efficiently designed to achieve the consciously selected political or economic ends of the actor. In our model, government pursues its goal under three conditions: a democratic political structure which allows opposition parties to exist, an atmosphere of varying degrees of uncertainty, and an electorate of rational voters.

Our model bears a definite relation to previous economic models of government, though ours is positive and most others are normative. Buchanan posed a dichotomy between organismic and individualistic conceptions of the state; we try to avoid both extremes. Samuelson and Baumol argued that the state can efficiently undertake only straight income transfers and actions with indivisible benefits; we try to show that it has many other legitimate roles. Bergson tried to establish relations between individual and social ends by means of a purely ethical postulate; we adopt an ethical axiom in political form. Arrow proved that no such relations could be established rationally without dictation; we try to show how his dilemma can be circumvented.

We attempt these tasks by means of a model which is realistic and yet does not fill in the details of the relationships within it. In short, we wish to discover what form of political behavior is rational for the government and citizens of a democracy.

## 2

# Party Motivation and the Function of Government in Society

---

## Introduction

THEORETICAL models should be tested primarily by the accuracy of their predictions rather than by the reality of their assumptions.<sup>1</sup> Nevertheless, if our model is to be internally consistent, the government in it must be at least theoretically able to carry out the social functions of government.<sup>2</sup> In the present chapter we will attempt to show how and why the governing party discharges these functions even though its motive for acting is unrelated to them.

<sup>1</sup> For an excellent statement of this viewpoint, see Milton Friedman, "The Methodology of Positive Economics," *Essays in Positive Economics* (Chicago: University of Chicago Press, 1953).

<sup>2</sup> In this chapter the word *government* refers to the institution rather than the governing party. However, we return to using the latter meaning in all subsequent chapters.

## I. THE CONCEPT OF DEMOCRATIC GOVERNMENT IN THE MODEL

### A. THE NATURE OF GOVERNMENT

The definition of government used in this study is borrowed from Robert A. Dahl and Charles E. Lindblom, who wrote:

*Governments* [are] . . . organizations that have a sufficient monopoly of control to enforce an orderly settlement of disputes with other organizations in the area. . . . Whoever controls government usually has the "last word" on a question; whoever controls government can enforce decisions on other organizations in the area.<sup>3</sup>

As Dahl and Lindblom point out, "All short definitions of government are inherently ambiguous."<sup>4</sup> Nevertheless, their definition succeeds in differentiating government from other social agencies without precisely circumscribing its powers. Hence this definition is ideal for our model, since the government therein has very broad powers, as explained in Chapter 1.

But what is the government supposed to do with these powers? What is government's proper role in the division of labor? Clearly, these questions are vital in the real world of politics. However, no one can answer them without specifying an ethical relationship between government and the rest of society. And since such specification is normative instead of positive, it lies outside the purview of our study. As far as this study is concerned, it is permissible for government to do anything whatever that does not violate the constitutional limits described in Chapter 1.

In the real world, governments in fact do almost everything which an organization conceivably can. However, not every government does the same thing as every other, so it is fruitless to describe the functions of government by listing a set of typical activities. Some governments would not perform all of them, and nearly every one of them would be performed by some nongovernment agencies. There-

<sup>3</sup> Robert A. Dahl and Charles E. Lindblom, *Politics, Economics and Welfare* (New York: Harper & Brothers, 1953), p. 42.  
<sup>4</sup> *Ibid.*

fore, when we try to specify what governments have in common, we are driven back to the somewhat vague definition given above.

In spite of its vagueness, this definition implies two things about government's function in the division of labor. First, every government is the locus of ultimate power in its society; i.e., it can coerce all the other groups into obeying its decisions, whereas they cannot similarly coerce it. Therefore its social function must at least include acting as the final guarantor behind every use of coercion in the settlement of disputes.

It is conceivable that different "ultimate guarantors" of coercion might coexist in the same society, each ruling a different sphere of action (e.g., the Church in religion and the King in politics). But in our model, though power can be extremely decentralized, we assume only one organization in any area can fit the definition we have given. Consequently the government is a specialized organization distinct from all other social agents.

Thus on a purely positive basis, without ethical postulates, we can conclude that (1) the government is a particular and unique social agent and (2) it has a specialized function in the division of labor.

### B. THE NATURE OF DEMOCRATIC GOVERNMENT

To avoid ethical premises, we define democratic government descriptively, i.e., by enumerating certain characteristics which in practice distinguish this form of government from others. A government is democratic if it exists in a society where the following conditions prevail:

1. A single party (or coalition of parties) is chosen by popular election to run the governing apparatus.
2. Such elections are held within periodic intervals, the duration of which cannot be altered by the party in power acting alone.
3. All adults who are permanent residents of the society, are sane, and abide by the laws of the land are eligible to vote in each such election.<sup>5</sup>

<sup>5</sup> In some democracies, women or permanent resident aliens or both are not allowed to vote.

4. Each voter may cast one and only one vote in each election.
5. Any party (or coalition) receiving the support of a majority of those voting is entitled to take over the powers of government until the next election.
6. The losing parties in an election never try by force or any illegal means to prevent the winning party (or parties) from taking office.
7. The party in power never attempts to restrict the political activities of any citizens or other parties as long as they make no attempt to overthrow the government by force.
8. There are two or more parties competing for control of the governing apparatus in every election.

Since our model society as described in Chapter 1 exhibits all these traits, the government in it is democratic.

An important conclusion can be drawn from the above definition: the central purpose of elections in a democracy is to select a government. Therefore any citizen is rational in regard to elections if his actions enable him to play his part in selecting a government efficiently. This specific definition of rationality underlies much of our later analysis.

## II. THE ROLE OF POLITICAL PARTIES IN THE MODEL

The preceding discussion shows what an important role political parties play in democratic government. To demonstrate how that role is carried out in our model, we next examine the nature, motives, and operation of parties.

### A. THE NATURE OF POLITICAL PARTIES

In the broadest sense, a political party is a coalition of men seeking to control the governing apparatus by legal means. By *coalition*, we mean a group of individuals who have certain ends in common and cooperate with each other to achieve them. By *governing apparatus*, we mean the physical, legal, and institutional equipment which the government uses to carry out its specialized role in the division of labor. By *legal means*, we mean either duly constituted elections or legitimate influence.

According to this definition, anyone who regularly votes for one party and occasionally contributes money or time to its campaigns is a member of that party, even if he aspires to hold no political office. The party is thus a loosely formed group of men who cooperate chiefly in an effort to get some of their number elected to office. However, they may strongly disagree with each other about the policies which those elected should put into practice.

Though this definition conforms to popular usage, it has two disadvantages as far as our model is concerned. In the first place, such a coalition does not possess a unique, consistent preference-ordering. Its members agree on some goals, but they disagree on many others. Hence the actions taken by the party as a whole are likely to form a hodgepodge of compromises—the result of an internal power struggle rather than any rational decision-making.

Second, the men who actually make specific government decisions are those who hold office, yet the broad definition of party given above implies that multitudes of other citizens also take part in this decision-making. True, their voice in the decisions need not be equal to that of office holders. But specifying just how strong it is again involves analysis of an intraparty power struggle.

Taken together, these two drawbacks offset the advantage of viewing parties as coalitions. The object of doing so is to escape the dilemma of false personification vs. over-individualism described in Chapter 1. But this broad definition of party throws us onto the over-individualistic horn, since we cannot treat the governing party as a single, rational, decision-making entity controlling government policy.

To avoid this result, we redefine party as follows: a political party is a team of men seeking to control the governing apparatus by gaining office in a duly constituted election. By *team*, we mean a coalition whose members agree on all their goals instead of on just part of them.<sup>6</sup> Thus every member of the team has exactly the same goals as every other. Since we also assume all the members are rational,

<sup>6</sup> This definition of *team* and the previous definition of *coalition* are taken from Jacob Marschak, "Towards an Economic Theory of Organization and Information," *Decision Processes*, ed. by R. M. Thrall, C. H. Coombs, and R. L. Davis (New York: John Wiley & Sons, Inc., 1954), 188-189.

their goals can be viewed as a single, consistent preference-ordering.

In effect, this definition treats each party as though it were a single person; hence it may appear to be false personification. We admit that it is an abstraction from the real world, since in reality not even the key officials of any government have exactly the same goals. Nevertheless, we are not guilty of false personification because we do not posit the existence of any suprahuman entity. We merely assume complete agreement on goals among the members of an office-seeking coalition.

By thus narrowing our definition, we escape the dilemma posed in Chapter 1 and yet construct a model in which the government is a decision-making agent separate from its citizens. Of course, it is not separate from *all* its citizens, since some of them constitute the governing party. Yet we may reasonably assume that the vast majority of citizens belong neither to the governing team nor to the other teams competing with it for power. Therefore we can treat citizens and political parties as two mutually exclusive groups without unduly distorting reality.

There are three qualifications to this conclusion. First, in many democracies, the government's administrative apparatus is so large that it employs a significant fraction to the citizenry. But since we are not studying the impact of bureaucracy upon democracy, we assume that only a few men in each branch of administration are members of the party team. All the others are permanent employees who do not lose their jobs when a new governing party takes office. Furthermore, we assume that the team members control the policy of all the others completely. Therefore we can regard almost all employees of the government as citizens rather than party members.

Second, in some parts of our study, we treat parties as though they were imperfect coalitions instead of teams; i.e., we assume intraparty power struggles exist. We make this temporary shift of definitions because it allows us to analyze intraparty struggles, yet it leads to no conclusions incompatible with those derived from the team view of parties.

Finally, though there are other coalitions and teams in society be-

sides political parties, we recognize only three types of political decision-makers in our model: political parties, individual citizens, and interest groups. The latter category includes both individuals and such nonparty coalitions as corporations, labor unions, and trade associations.<sup>7</sup>

#### B. THE SELF-INTEREST AXIOM

Just what goals do all the members of each party agree upon? In order to answer this question, we set forth here an axiom crucial to all the rest of our model. We assume that every individual, though rational, is also selfish. The import of this *self-interest axiom* was stated by John C. Calhoun as follows:

That constitution of our nature which makes us feel more intensely what affects us directly than what affects us indirectly through others, necessarily leads to conflict between individuals. Each, in consequence, has a greater regard for his own safety or happiness, than for the safety or happiness of others: and, where these come in opposition, is ready to sacrifice the interests of other to his own.<sup>8</sup>

Throughout our model, we assume that every agent acts in accordance with this view of human nature. Thus, whenever we speak of rational behavior, we always mean rational behavior directed primarily towards selfish ends.

In reality, men are not always selfish, even in politics. They frequently do what appears to be individually irrational because they believe it is socially rational—i.e., it benefits others even though it harms them personally. For example, politicians in the real world sometimes act as they think best for society as a whole even when they know their actions will lose votes. In every field, no account of human behavior is complete without mention of such altruism; its possessors are among the heroes men rightly admire.

Nevertheless, general theories of social action always rely heavily

<sup>7</sup> For a detailed discussion and definition of *interest groups*, see Chapter 6.

<sup>8</sup> John C. Calhoun, "Disquisition on Government," *Public Opinion and Propaganda*, ed. by Katz, Cartwright, Eldersveld, and Lee (New York: The Dryden Press, 1954), p. 15.

on the self-interest axiom. Practically all economic theory, for example, is based on this premise. As Adam Smith said:

Man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only. . . . It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages.<sup>9</sup>

His reasoning applies equally well to politics. Therefore we accept the self-interest axiom as a cornerstone of our analysis. Precisely what self-interest means will become clear when we describe in detail how the various types of political decision-makers in the model behave.

### C. THE MOTIVATION OF PARTY ACTION

From the self-interest axiom springs our view of what motivates the political actions of party members. We assume that they act solely in order to attain the income, prestige, and power which come from being in office. Thus politicians in our model never seek office as a means of carrying out particular policies; their only goal is to reap the rewards of holding office *per se*. They treat policies purely as means to the attainment of their private ends, which they can reach only by being elected.

Upon this reasoning rests the fundamental hypothesis of our model: parties formulate policies in order to win elections, rather than win elections in order to formulate policies.

At first glance, this hypothesis appears to render our model government incapable of performing its social function. In the eyes of the citizenry, the governing party's function in the division of labor is to formulate and carry out policies, not to provide its members with income, prestige, and power. Yet in our model, the governing party carries out this function only in so far as doing so furthers the private ambitions of its members. Since these ambitions are *per se* unrelated to the governing party's function, how can we expect pursuit of the

<sup>9</sup> Adam Smith, *The Wealth of Nations*, Modern Library Edition (New York: The Modern Library, 1937), p. 14.

former to accomplish the latter? Seemingly, our model contains no viable government because it confuses ends and means.

This criticism may sound plausible, but it is completely false. Even in the real world, almost nobody carries out his function in the division of labor purely for its own sake. Rather every such function is discharged by someone who is spurred to act by private motives logically irrelevant to his function. Thus social functions are usually the by-products, and private ambitions the ends, of human action. This situation follows directly from the self-interest axiom. As Joseph Schumpeter cogently stated:

It does not follow that the social meaning of a type of activity will necessarily provide the motive power, hence the explanation of the latter. If it does not, a theory that contents itself with an analysis of the social end or need to be served cannot be accepted as an adequate account of the activities that serve it. For instance, the reason why there is such a thing as economic activity is of course that people want to eat, to clothe themselves, and so on. To provide the means to satisfy those wants is the social end or meaning of production. Nevertheless, we all agree that this proposition would make a most unrealistic starting point for a theory of economic activity in commercial society and that we shall do much better if we start from propositions about profits.<sup>10</sup>

Applying the same reasoning to politics, he said:

Similarly, the social meaning or function of parliamentary activity is no doubt to turn out legislation and, in part, administrative measures. But in order to understand how democratic politics serve this social end, we must start from the competitive struggle for power and office and realize that the social function is fulfilled, as it were, incidentally—in the same sense as production is incidental to the making of profits.<sup>11</sup>

This brilliant insight summarizes our whole approach to the functioning of government. It is paralleled by the dual analysis of organizations made by sociologist Philip Selznick, who wrote:

<sup>10</sup> Joseph A. Schumpeter, *Capitalism, Socialism, and Democracy* (New York: Harper & Brothers, 1950), p. 282.

<sup>11</sup> *Ibid.* Schumpeter's profound analysis of democracy forms the inspiration and foundation for our whole thesis, and our debt and gratitude to him are great indeed.

All formal organizations are molded by forces tangential to their rationally ordered structures and stated goals. Every formal organization . . . attempts to mobilize human and technical resources as means for the achievement of its ends. However, the individuals within the system tend to resist being treated as means. They interact as wholes, bringing to bear their own special problems and purposes. . . . It follows that there will develop an informal structure within the organization which will reflect the spontaneous efforts of individuals and subgroups to control the conditions of their existence. . . . The informal structure will be at once indispensable to and consequential for the formal system of delegation and control itself.<sup>12</sup>

Clearly, the formal purpose of political parties—to design and carry out policies when in office—is not the only thing an analysis of government must take into account. Equally significant is the informal structure, i.e., that structure centering around the private motives of those who run each party. Our model attempts to combine both these elements into one coherent theory of government operation.

Though this theory is based on the self-interest axiom, we do not assume that the private ambitions of party members are without bounds. The self-interest of each has at least two limits: (1) he will not perform illegal acts, such as taking bribes or using his power to violate the constitution, and (2) he will not try to benefit himself at the expense of any other member of his own party team. Although both these limits are unrealistic, without them our analysis would have to be extended beyond the purview of this study.

#### D. THE SPECIFIC GOAL OF PARTIES

Politicians in our model are motivated by the desire for power, prestige, and income, and by the love of conflict, i.e., the "thrill of the game" common to many actions involving risk. However, they can obtain none of these *desiderata* except the last unless their party is elected to office. Therefore we do not distort the motives of party members by saying that their primary objective is to be elected. This

<sup>12</sup> Philip Selznick, "A Theory of Organizational Commitments," *Reader in Bureaucracy*, ed. by Merton, Gray, Hockey, and Selvin (Glencoe, Illinois: The Free Press, 1952), pp. 194, 195.

in turn implies that each party seeks to receive more votes than any other.

Thus our reasoning has led us from the self-interest axiom to the vote-maximizing government described in Chapter 1. The party which runs this government manipulates its policies and actions in whatever way it believes will gain it the most votes without violating constitutional rules. Clearly, such behavior implies that the governing party is aware of some definite relationship between its policies and the way people vote. In the next two chapters, we examine both these assertions in detail.

### III. THE RELATION OF THE MODEL TO ETHICS AND DESCRIPTIVE SCIENCE

The model in this study occupies a twilight zone between normative and descriptive models. It is not normative, because it contains no ethical postulates and cannot be used to determine how men should behave. Nor is it purely descriptive, since it ignores all the nonrational considerations so vital to politics in the real world. Yet it is related to both these phases of political economy and has a distinct function in each.

#### A. NORMATIVE IMPLICATIONS

Ethical, or normative, models of democratic politics generally are constructed in the following manner:

1. The creator of the model postulates certain goals as "good."
2. He outlines the behavior necessary to achieve these goals.
3. He concludes that this behavior "should" be carried out by members of real democratic societies.

However, the creators of such models do not always consider whether the behavior they advocate as good is also rational in the economic sense. A man who is good in their eyes may be unable to perform his function in the division of labor efficiently. In fact, good behavior as they define it may be so inefficient that its prevalence

would disrupt the very social state they desire. If so, their normative prescriptions are really contradictory; hence their conception of good behavior must be reëxamined.

Such contradictions cannot be discovered in a normative model unless the behavior it prescribes as good is tested for rationality. By transforming our positive model into a normative one, we can provide an excellent tool for such testing. In its positive form, our model contains a set of conditions we regard merely as descriptions of society's actual rules. But exactly the same conditions can be deduced from certain ethical precepts; hence they can be viewed either positively or normatively.

For example, consider these two parameters in the model: every citizen has one vote, and the party receiving a majority of the votes cast is elected. In our study, these rules merely describe what *is done* in society. But in the normative model constructed by Dahl and Lindblom, the identical rules denote what *ought to be done* because they are derived from the following value judgments:

Democracy is a goal, not an achievement. . . . The democratic goal is twofold. It consists of a condition to be attained and a principle guiding the procedure for attaining it. The condition is political equality, which we define as follows:

*Control over governmental decisions is shared so that the preferences of no one citizen are weighted more heavily than the preferences of any other one citizen.*

The principle is majority rule, which we define as follows:

Governmental decisions should be controlled by the greater number expressing their preferences in the "last say."<sup>13</sup>

Similarly, many other parameters which we use positively can be regarded as practical expressions of ethical axioms.

As a result, the creator or evaluator of a normative model may find that his model contains many of the same behavioral rules as ours. If so, he can use our positive description of rational behavior to check the efficiency of the behavior he considers good. Any divergence he finds casts doubt on the feasibility of his prescriptions and therefore upon just how good they really are.

<sup>13</sup> Dahl and Lindblom, *op. cit.*, p. 41.

Though our model can thus be used to test normative theories, we will employ it for this purpose only when there is a striking difference between rational behavior and some well-known precept for good behavior. These occasional references to an ethically ideal model must not be confused with our frequent references to an informationally ideal model. We construct the latter in Chapters 3 and 4 by assuming that perfect information is available to all decision-makers. The "certain world" which emerges serves as a positive norm for determining the impact of uncertainty and the cost of information upon democracy.<sup>14</sup>

#### B. DESCRIPTIVE IMPLICATIONS

The relevance of the model in this study to descriptive science is twofold. First, it proposes a single hypothesis to explain government decision-making and party behavior in general. Since this hypothesis leads to testable corollaries, it can be submitted to empirical proof. If verified, it may lead to nonobvious conclusions about the actions and development of parties, thus adding to our knowledge of reality.<sup>15</sup>

Second, the model tells us what behavior we can expect if men act rationally in politics. Therefore it can perhaps be used to discover (1) in what phases of politics in the real world men are rational, (2) in what phases they are irrational, and (3) how they deviate from rationality in the latter.

In all these ways, we hope the model will help guide empirical research to investigate important issues rather than trivial ones.

<sup>14</sup> However, the world of perfect information is so radically different from any "uncertain world" that we cannot carry our informationally ideal model too far. If we did, most of the institutions in it would become useless as bases for comparison with our actual model. Therefore we will sketch only a few qualities of the informationally ideal model and ignore many of the problems which would arise if we tried to describe it in detail.

<sup>15</sup> The reasoning in the model also embodies a second hypothesis: that citizens and other political decision-makers behave rationally. Furthermore, the analysis is so constructed that the first hypothesis is usually developed by means of the second. As a result, most of the ramifications of rationality are independent of vote-maximizing, but not vice versa. Therefore the description of behavior which emerges from the model cannot always be used to test the vote-maximizing hypothesis, though it can be used to test the rationality hypothesis.

Nevertheless, the model is not an attempt to describe reality accurately. Like all theoretical constructs in the social sciences, it treats a few variables as crucial and ignores others which actually have some influence. Our model in particular ignores all forms of irrationality and subconscious behavior even though they play a vital role in real-world politics.

The fact that our study is positive but not descriptive gives rise to an ineradicable difficulty of exposition. The statements in our analysis are true of the model world, not the real world, unless they obviously refer to the latter. Thus when we make unqualified remarks about how men think, or what the government does, or what strategies are open to opposition parties, we are not referring to *real* men, governments, or parties, but to their model counterparts in the rational world of our study.

This distinction must be kept constantly in mind; otherwise the reader may condemn many of our statements as factually erroneous when they are really not factual assertions at all. If confusion arises in spite of our precautions, we ask the reader this indulgence: whenever he is tempted to think an assertion empirically false, let him provisionally assume it refers solely to the model. If it then falls into place logically, this assumption is correct; if not, our analysis stands in need of improvement.

#### IV. SUMMARY

In this study, *government* is defined as that specialized agency in the division of labor which is able to enforce its decisions upon all other agencies or individuals in the area. A *democratic* government is one chosen periodically by means of popular elections in which two or more parties compete for the votes of all adults.

A *party* is a team of individuals seeking to control the governing apparatus by gaining office in an election. Its function in the division of labor is to formulate and carry out government policies whenever it succeeds in getting into power. However, its members are motivated by their personal desire for the income, prestige, and power which come from holding office. Thus, carrying out their so-

cial function is to them a means of achieving their private ambitions. Though this arrangement may seem odd, it is found throughout the division of labor because of the prevalence of self-interest in human action.

Since none of the appurtenances of office can be obtained without being elected, the main goal of every party is the winning of elections. Thus all its actions are aimed at maximizing votes, and it treats policies merely as means towards this end.

Though our model is a purely positive one, it can be used to test the rationality of behavior prescribed in normative political models. In descriptive science, it (1) advances the vote-maximizing hypothesis as an explanation of democratic political behavior and (2) constructs a positive norm by which to distinguish between rational and irrational behavior in politics.