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TECTONIC POLICIES AND PUBLIC CHOICE

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TECTONIC POLICIES AND PUBLIC CHOICE*

"With much communication he will tempt thee; he will smile upon thee, and speak thee fair, and say What wantest thou? If thou be for his profit he will use thee; he will make thee bear, and will not be sorry for it. Observe and take good heed. When thou hearest these things, awake in thy sleep."

Herman Melville, The Confidence-Man

I. Introduction

This paper focusses on a kind of policy which have not been considered systematically in mainstream analysis of state outputs. These policies I call "tectonic", because they alter the socio-economic sub-strata within which economic and other interests are defined and political demands are generated. In short, they alter the factors to which political systems are normally thought to respond. Tectonic policies can also structure the opportunities for existing interests to organize and to participate in government. In fact, all public policies have a tectonic dimension which is more or less pronounced, so it is possible to classify government activities according to the degree and nature of tectonic change they induce (or envisage).

The next part of the paper outlines four types of tectonic policy. Part III of the paper considers the implications of tectonic policies for current conceptions of public choice. Because they make restrictive assumptions about the nature of politics, most public-choice models have limited application. But the concept of tectonic policies enables politics to be seen as an historical process of Schumpeterian competition, in which the socio-economic and institutional
orders are contestable and in which the object of political entrepreneurs is to find new ways of accumulating power. A focus on tectonic competition entails concepts and processes which may prove intractable to standard economic technology, and the normative implications of the view are unpleasant. But understanding the tectonic aspect of political competition may help public choice both to expand its compass and to better fit the real world of politics.

II. Tectonic policies

In standard models of public choice, political exchange is fairly limited and competition occurs within a stable environment. In reality, political competition is more widespread and ruthless. Institutions and rules, for example, can be the objects of political challenge, and they are often under attack. Even in stable democracies, ideologies are readily available to rationalize significant changes in them, and concrete interest can over-ride much resistance to incremental shifts in hallowed practices.

Essentially, standard models assume political markets are like stable product markets. In them, policies differ in substance, but arrayed along common dimensions they are qualitatively similar. The political choice is between toothpaste which is white or striped, bacon which is a little fatter or a bit leaner. Consumer preferences are fixed in the medium term at least, so voters can be more or less satisfied with the policies actually followed. And parties do not break the rules. They cannot straightforwardly restrict fundamental democratic freedoms; nor can they accomplish the same thing indirectly. They are assumed not to "vitiate" their opponents by "policies aimed specifically at injuring them." (Downs: 24, 12) These are highly restrictive assumptions when at least some people think of politics as war by other means, and when it interweaves both exchange and command.
To begin with, a central aspect of politics is the effort to change preferences. At the deepest level this concerns symbolism and ritual (Cohn). It is also what crusading ideological leaders are about. A recent British study comparing elite rhetoric and mass opinions shows that Mrs. Thatcher provided a clear (contra-Downsian) case in which "politicians are more interested in moving electorates toward themselves than in moving themselves towards electorates." (Crewe and Searing: 378) She did not much succeed in her educative mission, apparently, and owed her electoral success to other factors. But this testifies only to the difficulty, not the impossibility, of shifting socially embedded attitudes (Wildavsky). Politicians certainly try to change preferences (and, to the extent that they succeed, more extreme policies which change the composition of interests in society need not be contemplated by the ruthless politician).

A good case for considering preferences as politically endogenous has been made by Dunleavy and Ward, who also press a little distance in the direction of categorizing how both office-holding and non-incumbent entrepreneurs can use their power to shape political agendas, raising favourable issues to prominence, and also to reform the very social contexts which tend to produce particular preferences. It seems that these last measures need not be contemplated by successful political entrepreneurs. But tough competitors will think of them. Moreover, there is a sense in which each and every policy change alters the social fabric and the existing distribution of resources. Are political entrepreneurs unaware of these effects? Are they mere registers of the present relative power of existing interests, with no concern about how their decisions can shape future preferences and interests?

If not, then the political struggle can be read as a competition to change society in such a way as to gain an advantage over the opponents. Politics is not like a static contest to make more profit in a segmented market by being more efficient or by more closely matching the tastes of consumers. It is a contest to find new ways of making a profit. Put in more familiar political-
science terms, politicians do not merely respond to demands from society (with the most sensitive and skillful entrepreneurs getting to stay in office); instead, political actors attempt to re-shape the socio-economic structures from which demands are generated, with the goal of accumulating power.

Undertakings to do so can be called 'tectonic' policies. These can be analyzed in frameworks other than that of public choice, but if they are to be understood within that framework it needs to be broadened somewhat along the lines laid out below. It is ironic that Schumpeter, at the same time as he sketched a new, dynamic vision of capitalist change, also outlined a model of the political process which is closely analogous to the economic model he was discarding. Schumpeter's political parties were like department stores, competing to match platforms with consumers' tastes. He did not posit the political equivalent of the entrepreneur who invents the mail-order catalogue and reaps the rents. Yet political competition is Schumpeterian. It strikes "not at the margins of the profits and the outputs of the existing firms but at their foundations and their very lives." (Schumpeter: 84)

Policies we call tectonic have been approached most closely by analysts who subscribe to the notion of state autonomy. Theorists of contemporary corporatism, in particular, focus on the relations between organized interests and the state (Schmitter). But it is Eric Nordlinger who has most relentlessly tried to depict an autonomous state, and to codify the autonomy-enhancing techniques available to state officials. Nordlinger presents, for instance, no fewer than thirty-one strategies for reinforcing societal preferences which accord with those of state actors (92-4, 111-2). In his extreme case, where the state acts against the preferences of any other actors, including the best endowed, we find thoroughly Machiavellian tactics and the deployment of pure power to the benefit of incumbents (118-43). This formulation is insightful but defective. Nordlinger provides no source for his state officials' policy preferences, and more seriously he presumes
elections confer monopoly power (which is then only spent, not accumulated). He grossly understates both the extent of formal political competition and the way resources held by non-state actors give them the capacity to resist policy implementation (that is, in the language used below, to drive down the consent price of state incumbents' undertakings.) Nevertheless, Nordlinger did succeed in showing how normal society-centred models of politics could be turned on their heads, by presuming that political actors are capable of resisting or reshaping the forces bearing upon them. It is certainly worth proceeding to more systematic analysis of tectonic policies.

i. beneficial policies

There is a sense in which any policy that does not produce a pure public good financed by neutral taxes has a tectonic element simply because it disproportionately confers benefits and disbenefits across groups in society. Successful political action requires resources, and so the distribution or redistribution of benefits produces not only greater utility but also greater potential political capacity. (If a stream of benefits is involved the effect is larger.) Hence one would expect political entrepreneurs to increase the resources of their supporters in this fashion and to disadvantage opponents. Of course there is evidence of selective distribution on a regional and partisan basis in some systems (e.g., Mcnaughton and Winn), but this has been analyzed in purely economic terms. The effect we are focussing on is not the immediate utility of patronage or electoral rewards, but the bolstering of the recipients' positions as political actors. If a private telephone monopoly, for instance, receives a favourable regulatory ruling, its profit increases but so does its capacity to engage in future political action - presumably, though not necessarily, as an ally of the incumbent.

After examining the Thatcher government's encouragement of investment in the south of
England, David Willis reached the conclusion that such policies could sap political opposition in the non-favoured regions. He argued that "politically determined economic advantage" was shaping partisanship: more generally, "economic policies have sought to modify electoral preferences or undermine the political strengths of opposition groups outside the political arena, rather than confront opposition through the electoral system" (256). Such undertakings encounter political resistance, of course, but successful ones can erode the capacity to resist.

It is worth noting that many different policy instruments, and not just direct subsidies, can have beneficial implications, and that socio-economic groups defined on other than a regional basis can be the targets of beneficial policies. In trade policy, for example, has the reduction of tariffs and the expansion of exporting sectors not strengthened free-trade lobbying forces? Does the reduction of certain tariffs erode profits and the sectoral labour force so that resistance is less in the next round of negotiations? The point, simply, is that state-supplied benefits buttress the political resources of certain interests. This effect is not limited to reinforcing voting patterns in the subsequent election; nor need one assume that any equilibrating mechanism exists in the short or the long run.

ii. Contextual policies

Any beneficial policy will have some indirect effect on the relative power of social interests, through changing the distribution of resources in society. But policies can be designed to restructure relations between such interests more directly. Resources flow between socio-economic interests, and there is no reason to expect political entrepreneurs to preserve the distribution in some 'natural' state if there is power to be gained through change. Labour relations policies are the outstanding example. The framework of collective bargaining can be tilted to favour business or labour. In a host of other areas, regulations governing market
transactions (or even social exchange) alter the relative bargaining power of sets of producers and consumers. Moreover, contextual policies can alter the existing arrangement of power within particular groups, and hence of those interests relative to others. The Thatcher government's policy to force secret ballots in union strike votes reduced the power of union leaders and militants and of unions vis-a-vis employers.¹

More generally, political actors can aim to alter the social density of particular interests. Mrs. Thatcher's policy of selling off council houses created new stakeholders in private property. This does not just increase their utility, or their potential power; it makes them permanently more receptive to the sort of undertakings her party is likely to propose in the future. As Dunleavy and Ward note, this is the inverse of the promise of Labour's Herbert Morrison to construct public housing and "build the Tories out of London". (371) Along the same lines, Mingat and Salmon provide evidence from France that municipal politicians have crafted policies with the goal of increasing the social density of those groups likely to support them. In this view, heavy industry can be supported, for example, to maintain not just the working-class vote, but working people themselves (as players in political struggles which can extend far beyond the ballot box and the next election).

Contextual policies can also involve purposeful change of the boundaries of the polity. The franchise is an obvious case. What political actors benefitted from particular extensions of the franchise? Immigration policy is another such instance. Do right-wing governments not tend to admit right-wing refugees? Is there an electoral cycle of illegal-immigrant amnesties? Physical borders provide another example where the very composition of the polity is being altered, and it is not surprising that political conflict over such undertakings has been often been severe. The American civil war was fought not over the principle of slavery but over the tectonic issue of whether newly admitted portions of the polity would be slave or free.²
iii. generative policies

We have considered cases in which the resources and social density of interests are policy-dependent. But this need not result in interests becoming more effective political actors: the ability to deploy resources politically and to organize are essential for exerting influence. Generative policies encourage or constrict these capacities.

The rules of political competition can be set so as to advantage certain interests. Changing the rules of election finance is an obvious case. Limits on campaign spending, for example, favour those political entrepreneurs who enjoy a disproportionate access to labour rather than capital.

More pervasive is the effect of policies on the capacity of interests to organize for political action. The dilemma of how large quasi-groups organize is at the heart of the collective action problem formalized by Olson. In the absence of coercion or of some inversion of costs and benefits such as that proposed by Hirschman, such groups will not organize. Even if political entrepreneurs are prepared to invest in such groups in the hope of accumulating power, there remains an incentive for potential members to free-ride. And yet organizations do form: the "political system is beset by a swarm of organizational bumblebees that are busily flying about in spite of the fact that political scientists cannot explain how they manage it." (Walker, 397)

One traditional answer is that organizations crystallize in response to a 'disturbance' (Berry). Only one endogenous disturbance seems a major cause of organization. This occurs when substantial, certain benefits are offered only to the members of potential groups. And state policies can be tailored to do this: they help generate organized interests. The prospect of such benefits can account for the fact that organizations sometimes have proliferated after policy initiatives, especially in the fields of social and health policy where program administration often has been delegated to associations (Walker, 403; Govan).
But there is a more general solution. This is that organizational entrepreneurs initially tap resources other than those possessed by the members of the quasi-group themselves. They seek sponsors. In many instances these sponsors are incumbents of state offices. In Canada, for example, there is a strong tradition of public money supporting the organization of private interests. One outstanding example is the Consumers’ Association of Canada, which provides selective benefits to members but which is mainly supported by the state: in Canadian terms, it gets "core funding" from government. The central government spends over $200,000,000 per year in direct funding of organizations ranging from agricultural societies to multicultural associations (Stanbury). At the sub-national level, data for the province of New Brunswick show that between 1945 and 1975 direct grants to voluntary associations grew at twice the rate of total government spending. Survey data show that 58.7% of all not-for-profit incorporated organizations had requested provincial government grants between 1983 and 1988: some 39.3% were currently receiving it, and the proportion receiving funding at start-up was similar (Young, 1990). Are these results unusual? Apparently not. Walker found that outside funding was widespread at the time of organizational start-up in the United States, and that government acted as a patron to 31.4% of his sample of non-profit sector groups formed between 1946 and 1980. (399) Continuing support can also be vital: in 1981, the NAACP got 8% of its budget from Washington, the National Alliance of Business got 75%, Planned Parenthood affiliates got 47.5%, and the National Council of Senior Citizens got 95.2% (Stanfield, 1376). As Walker put it, "during recent years, group leaders learned how to cope with the public goods dilemma not by inducing large numbers of new members to join their groups through the manipulation of selective benefits, but by locating important new sources of funds outside the immediate membership." (397) The incumbents of state offices are one such source, but not the only one: individuals and foundations and existing associations also aim to reshape the organizational
structure through which interests are mobilized and represented politically.

Organizational tectonics can be changed by means other than positive incentives like funding and the designation of membership in some organizations as compulsory. Organization can also be impeded. Policies which remove the 'non-profit' (and tax-free) status of some classes of association may be used, while other policies can make it more costly or illegal to organize around certain interests. And on the shadowy, security side of state operations, there is no shortage of examples of forceful sabotage of organizational efforts (Mackenzie). Political entrepreneurs undoubtedly will undertake to suppress opposition.

iv. positional policies

Another type of tectonic policy concerns the re-arrangement of relations between representative organizations and incumbents of state offices. Among others, Pross has exhaustively explored how associations seek to adapt to state structures, and to a mode of policy-making which centres on transactions between a limited number of players in an institutionalized policy community. Obtaining admission to the trading arena is essential for effective participation, while those currently in the policy community are prepared to wield power to erect barriers to entry and to expel their opponents, if they can. In Pross's view, the advantage in this struggle generally lies with the incumbents of state offices, who deploy considerable resources to shape the community to which they are nominally responsive.

A simple example of positional policies can be found in Canadian revenue budgetary process. In 1981, after a major undertaking to change the tax system failed to sell (or, more accurately, after it met resistance and was withdrawn from the market before still more power was lost by the government), business interests pressed to have the process opened up, in the expectation that this positional change would enhance their future power. This was a
miscalculation (Young, 1983), and the budgetary process has remained non-public. But a new procedure which was adopted (through the new Consultations Division of the Department of Finance) works through the allocation to particular organizations of 'chairs' at pre-budget meetings. Partly in order to gain access to this forum, a set of social-policy organizations has formed a coalition, and its new position in the consultative process has enhanced the power of these organizational leaders.

All this is quite familiar in many European systems, where the structure of relationships between the state and organized interests has been minutely examined (Kvavik). The underlying contention, of course, is that the structure of interest-representation itself has an independent effect on policy outcomes (Gourevitch). It may be that the pressure of international competition is conducive to structural convergence, whatever the historic arrangement and the relative power of different domestic interests (Katzenstein). It may be that the structure tends to mirror existing power relations, because there is an incentive to include in the policy community representatives of any organized interest with the capacity to resist the policies produced (Anderson). But there is nothing inevitable about this in the short run at least.

The only certainty is that representative structures (or the arrangements of bargaining positions) are malleable, and so will continue to be the object of political contestation (Offe). Rearranging them changes the structure of political markets, the possible set of undertakings which can be traded, and the eventual outcomes. Just as political entrepreneurs seek to change the distribution of resources in society, the social density of various interests, and the organizational expression of those interests, so will they undertake to alter the position of players in the political marketplace. There is no necessary reason to think they will be motivated in this effort by anything else than self-interest.
III. Implications for Public Choice

Recognizing the existence of tectonic policies opens up some interesting issues. The most general concern the ways political actors attempt to reinforce their support base through conferring political resources, strengthening its relative position in society, and bolstering its influence by altering both rules and the structure of its relations with the state. Some of these issues can be approached in a rent-seeking perspective, except that political entrepreneurs are presumed not to be neutral registers of social pressures but to be playing actively a longer-term game in which the stakes are power. A tectonic perspective is alert to shifts in power and position which can have decisive effects in future rounds: the policy struggle can be at or near equilibrium, yet alterations in rules or resources can tilt the game towards a new set of substantive policy outcomes.

Second, the distribution and mobilization of political resources is central. Here, the most convenient research focus is upon interest groups, for the characteristics of the organizational field are similar to those which make the U.S. Congress so amenable to quantitative tests of political models - multiple players, measurable constituencies and resources, visible structures, fairly clear objectives, and relative permanence.

Tectonic policies are best comprehended within an historical framework, because they require a focus on the iteration and re-iteration of policy and influence. Longitudinal, quantitative studies of political development (Klingman; Peters and Hennessey) could be enriched by a tectonic view of political adjustment and political conflict. Another tack is to link policy with economic performance: moving beyond Olson's *The Rise and Decline of Nations*, one could seek policies which break up distributional coalitions, and formulate hypotheses about the optimum degree of tectonicity in state outputs.

But the micro-foundations of tectonic policies are more problematic. An appreciation of
the tectonic nature of political competition offers the possibility of expanding the range of applicability of public choice; yet it does so at the troublesome cost of breaking some standard assumptions. Models of competition inspired by Downs, as we have seen, assume that political actors do not attempt to "vitiating" their opponents, ultimately because "Rational behavior is impossible without the ordered stability which government provides." (Downs: 11) Yet Schumpeterian competitors attempt exactly this, risking instability (which is rather common anyway in the political world). And what is exchanged? Political goods must include much more than tangible benefits and expected benefits if we are to account for preference change. What is maximized? Seminal works which regard politics as a pure exchange relationship rule out, explicitly or implicitly, the possibility that power could be a maximand, precisely because "collective action must be advantageous to all parties": this is the only sort of exchange that can be contemplated within frameworks which assume real gains from trade and which regard power as the "ability to command things that are desired by men" - rather than the command of men themselves (Buchanan and Tullock: 23-4). Finally, if socio-economic structures are politically contested, then the boundaries of the 'political' need to be stretched far beyond the well ordered competition for position and benefits of a relatively few politicians, senior bureaucrats and interest-group leaders.

An alternative, broader conception has the following central elements: (1) politics is driven by political entrepreneurs who have a sole maximand - power; (2) political goods are multifaceted bundles called 'undertakings', which are produced using resources, and which entrepreneurs seek to sell at a profit in power; and (3) political markets are very widespread and political exchange is continuous. This schema is suggested by the simple fact that political entrepreneurs will attempt to change preferences and to alter the political landscape through proposing tectonic policies.
Before proceeding, one observation about such theoretical exercises in order. Public choice theories have recently come under attack for helping to undermine political morality and the very legitimacy of contemporary political systems. Critics claim that their assumptions are atomistic, incivil, selfish, and conducive to eroding the non-economic essences of non-economic activities. As Douglas Rae put it, "the spirit of the deal can spill over into every sector of discourse." (42) According to another critic, those who work from non-civic assumptions may help produce consequences that no responsible political analyst can ignore: "Norms are crucial. They can also be fragile. Cynical descriptive conclusions about behavior in government threaten to undermine the norm prescribing public spirit. The cynicism of journalists - and even the writings of professors - can decrease public spirit simply by describing what they claim to be its absence. Cynics are therefore in the business of making prophecies that threaten to become self-fulfilling. If the norm of public spirit dies, our society would look bleaker and our lives as individuals would be more impoverished. That is the tragedy of 'public choice'". (Kelman: 93-4)

The elements of an 'economical politics' sketched below embody even bleaker assumptions than usual about the driving forces of politics, and about the lengths to which political actors may go in enacting policies to accumulate power. This is not done lightly. It may be that this conception best fits aberrant cases. But within living memory politics has been more brutish than ever before. In the Conclusion, we will return to normative matters; suffice to say now that to the extent the elements laid out here form a pattern which is either realistic or worth guarding against, then qualms about unpalatable assumptions must be set aside.

i. the maximand

Analysts are often vague and vacillating about what political actors maximize. And there must be a maximand or else nothing happens endogenously. Typically, Downs conflates the
"income, prestige, and power which come from being in office." (28) In his macro-system, North posits a "wealth- or utility-maximizing ruler" (23). In models which assume a political process based upon representative democracy, the most common proxy for the real maximand is, of course, the vote, or the financial backing necessary to get votes (Denzau and Munger).

But vote-maximization causes familiar difficulties. There are cases where political actors will not bother to maximize votes, as when support is equally divided between three parties in a proportional representation system, or when the members of a party with much support prefer to maximize incumbency (Thompson and Stanbury). This maximand also has little purchase on an incumbent not expecting to run again, as in the important case of a second-term American president.

If surpluses or wealth are taken as the maximand, then much influence must be accorded to potential factor suppliers rather than voters (Laver: 79-80). If the money is used to buy votes, then the essential problem of motivation remains. If it is used for consumption, there remain the stubborn facts that the rake-off politicians take in Western democracies is tiny compared to total state spending, or to what most could make in private life, and it is often won at a huge cost in terms of 'normal' utility (family life, health, leisure, and so on). As Walter Karp was reported to have said, "The hardest way to make a million dollars is to become a United States senator. Any vicious, impudent, brazen, shrewd, gifted person can think of an infinite number of better ways to become rich than to become a crooked politician." (Lapham: 8)

One solution is to leave the maximand undefined; that is, as utility and expected utility. As Breton and Wintrobe put it, while arguing against Niskanen, "This generalization has served economists so well in other areas of analysis that it should also be a sure guide in the analysis of bureaucracy." (29) In the end, this may be the best solution for building general models. Yet in one crucial area of economics, the maximand is not left undefined. The driving force of
capitalism is the entrepreneur who is driven to maximize profits and accumulate wealth. Without this motor, particularly in the form of windfall profits or Schumpeterian rents, the system loses dynamism entirely (Lipsey). Whether driven in turn by the need to be more sure one is among the Elect or to provide for one’s family, the clear and simple desire to accumulate motivates primitive economic entrepreneurs, and the same desire must come to the fore in large contemporary firms when markets are competitive.

In politics, there may also be primitive entrepreneurs. And there can be only one analogous maximand. This is power. Political systems - and changes in them - are driven by the desire of political entrepreneurs to maximize power.  

A single maximand simplifies some matters, but a focus on power complicates others. Unlike wealth, power is invisible and it is hard to measure. This causes difficulties for entrepreneurs as well as analysts. Political actors never know how much power they have accumulated until they try to exercise it: each exercise is a test of strength. In elections, for example, entrepreneurs do not win and therefore receive power; they win because they had enough power to do so.

There are also conceptual problems surrounding power, in particular the issues of power being exercised to suppress the expression of preferences and to alter preferences in accordance with the interests of the powerful (Young, 1978). The total quantity of power in a system is also problematic. If power is essentially like money, it is interesting to think of inflation. Apart from technological change, however (and what, other than the radio perhaps, has done more to change the balance between masses and elites than the machine gun?) it is best to think of the quantity of power in a system as being fixed, and to concentrate on its distribution. Obviously, then, however mutually beneficial exchanges may appear to be at the moment, power politics is a zero-sum game in the end.
Our simple definition of power is that it is the capacity to command other people what to do and to say. As a desire, this one is curious and distasteful, but we can take it as motivating political entrepreneurs. These people seek to produce political goods and sell them at a profit in power. In doing so, they aim to accumulate political capital.

ii. political goods

In normal models, policies and votes and money are political goods. Their exchange sets up the dynamics of parties adopting positions, legislators logrolling, and interest groups bargaining. These goods are apparently concrete and measurable, but the homology with economic goods is not perfect. In particular, policies as presented in the political arena are often terribly vague. There is a huge gap between the expression of ideology or the enunciation of a policy and the concrete flows of benefits and disbenefits between state and society or between different political actors. The whole political-science industry of 'implementation analysis' is devoted to this gap (Sabatier and Mazmanian). Promises to vote are similarly intangible, and in the hauling and shoving of lobbying, the broken commitment is endemic.

There is a sense in which political goods are essentially promissory, and this is why they can be called 'undertakings'. Politics itself is a verbal activity, and indeed there is no scarcity of undertakings on offer in most systems. Perhaps the essence of economic markets is that one only gets what one pays for, but political markets are filled with people who seek to secure power now in exchange for nothing but future considerations.

Undertakings are multifaceted (or Lancasterian) goods. They embody elements of ideology, constitutional rules, policy, programs, and concrete benefits. The proportions of each in any particular undertaking are variable, and entrepreneurs seek to produce undertakings with saleable properties. A high-ideology entrepreneur like Ronald Reagan, for instance, can offer
undertakings to shrink the federal state, and can win much power (in the form of undertakings to consent) from political consumers. But each new undertaking is specific, and a Reagan proposal to spend less on education could be met with resistance from his earlier supporters (though they might still be willing to offer more consent to him, overall, than to a competitor). It is not appropriate here to dwell on the nature of undertakings, except to note two features. All of them are a blend of components: even the most banal transfer of benefits has ideological and constitutional implications (witness their contestability in courts), and even the most abstract ideological statements contain glimmers of benefit streams to follow (though they may command a high price only among the wealthy who can afford to wait or among those who have nothing to lose). Second, undertakings can be made about the deepest ideological underpinnings of society and about the rules of the political game itself. There are no inherent bounds to the political struggle. Institutions and constitutions may be designed to channel and constrain political competition, but these are only temporary equilibria in the flow of power.⁵

It takes resources to produce undertakings. Technology, capital and labour are combined, with some degree of acumen, by the political entrepreneur. Technology affects the area over which undertakings can be disseminated, and it also may be capital- or labour-intensive (which produces relative advantages for entrepreneurs with access to different kinds of resources). People can, of course, be told to contribute money. They can also be commanded to contribute labour to the production of further undertakings. Gandhi, for example, fashioned labour-intensive undertakings, and made a point by doing so.

It is this use of stocks of power to produce undertakings which sets up politics as a process or career. The skilful entrepreneur, having sold an undertaking, has the power to secure consent in the process of producing further undertakings. In a competitive system, without this continuing investment, power cannot be accumulated but only dissipated.
At this point it needs to be stressed that state positions have no power attached to them. Only individual political actors have power, as is clear in the negative cases of Carteresque presidents or ministers who can push nothing through their departments. Official positions have attached to them only resources, which can be well or foolishly used in exchanges with subordinates and other actors.

iii. political markets

A common view is that political markets are very limited. Teams of entrepreneurs offer policies in exchange for votes, and bargaining subsequently is limited to a few party leaders and interest-group representatives. These may be convenient abstractions, but in reality political markets are very widespread. Indeed, anyone with resources can manufacture an undertaking anywhere. A person or small group in Lafayette, Louisiana or in Bathurst, New Brunswick can offer an undertaking to have tariffs lowered or to get a state grant for park beautification or to have world government; but of course there is no exchange, and no power accumulates, and nothing concrete results from the offer (except wasted resources), unless buyers are found on the political marketplace.

Political markets are very dense. In this connection it is useful to consider the role of interest-associations. In advanced societies, in tandem with industrial growth and a more activist state, there have evolved immense networks of these organizations. They are little studied in toto, but Newton found over 4,000 in a single British city. In New Brunswick, a peripheral Canadian province just larger than Eire, with a population of 720,000, there are in existence approximately 3,300 independent, formally incorporated voluntary associations (excluding trades unions, co-operatives, churches, and federally chartered organizations). Such organizations constitute the social skeleton of the community, and are nodes of potential political action. Of
the New Brunswick interest groups, 47.7% were in contact with the provincial government at least once per month, and 31% had tried to have a policy changed within the past year. There are over 700 paid general managers of such associations, and over 330,000 members. Add the leaders of such associations to those of firms and unions, and to political party chieftains and civil servants, and one finds in this micro-state a surprisingly large number of actors with the resources to produce and exchange undertakings. And this they do. It is this dense organizational structure, and the continuing weight of exchanges by a great web of actors, which explains (Bernholz) why a change in governing party, most of the time, has only a marginal impact on policy, whatever promises were made.

What does political exchange look like in these markets? The answer is far less certain than 'votes for policies' or 'policy A for policy B'. Undertakings must be sold at a 'consent price', which precisely reflects the amount of power transferred to the vendor by the purchaser. This quantity embodies the changes in future behaviour and in resources which the purchaser is willing to exchange for the undertaking. (Hence it represents a reciprocal undertaking, though one of a different Lancasterian composition.) The difference between the cost of production and the amount of consent fetched by any undertaking represents the profit (or loss) in power.6

But of course much is promissory in politics: there is no enforcement mechanism for political contracts, and trust or loyalty will not substitute for property rights. (Loyalty simply represents an investment in another entrepreneur: the political capital is only more or less sunk, which differs from the absolute rights of ownership which underpin goods exchange.) Political actors are never sure about the price at which their deals were struck, or whether they were struck at all, until the time to deliver action or resources arrives. If undertakings are not honoured, trade does not necessarily cease, for actors in the political realm have recourse to the most commonly heard phrase in politics - "I couldn't do it." Political actors very often, and rightly
so if there is competition, invoke force majeure.

This formulation means that contact is not necessary for trades to be made. Political exchange can occur over the television. In electoral politics the results show up in the voting-day test, when people vote not in order to make a deal, but because they have made a deal (and at the margin they may follow the inevitable last-minute commands of politicians to vote). In this sense Schumpeter was correct in saying that "acceptance of leadership is the true function of the electorate’s vote". (273) But he was wrong in thinking this is the end of the matter until the next contest. Elections may change the quantities of resources at the disposal of a few entrepreneurs, but of course the great bulk of production and exchange continues to be carried on by the numerous existing actors, and new competitors are always entering the market with new products, if they can.

IV. Conclusion

Common public-choice models are highly restrictive. The homology of them with political life is poor, and this is apparent in their limited predictive power, restricted applicability, and failure to explain widespread phenomena. One pay-off for adopting such limiting assumptions is that economic technology can be applied, but this is not worth much in itself to students of politics.

Here some standard assumptions about rationality and individualism have been accepted into a different schema, while others have been added, notably a central proposition that politics is mainly about power. This produces elements of a model in which political markets are widespread, political goods can be intangible, and political competition is Schumpeterian in the sense that the very bases of any transient political order are contestable and malleable to some extent. This schema has some evident lacunae (such as the relation between promise and
delivery), and it seems possible that economic technology will find the dynamics intractable. Fortunately, some aspects of the model are testable. And it does have the advantage of encompassing that unavoidable set of policies which share a tectonic character.

Tectonic policies are commonplace. The whole separate topic of constitutional and institutional design has barely been broached in this treatment, yet it is apparent that political undertakings and actual contemporary policies have substantial effects upon the 'underlying' socio-economic fabric. It would be naive to think that political entrepreneurs are not aware of this. They break the Downsian assumptions all the time, and do so consciously. It would be wrong, however, to think of them as all-knowing. They take risks. They produce undertakings which may or may not bring a profitable return. As such they perform the basic function of discerning the invisible fault lines along which change will run.

On the normative front, the model appears depressing. It is individualistic and even pathological in its assumptions. There is less sense of the collective 'power to' achieve ends than of the individualistic 'power over' others, which reduces to threat and force in the last analysis. Politics then can become a ceaseless struggle to preserve autonomy, in the sense of freedom from coercion. Such a view seems misanthropic. It breeds mistrust and calculation. But it means that political competition is the *sine qua non* of freedom.

Schumpeterian political entrepreneurs can only be constrained by competition. In the schema presented here, competition has some standard benefits. Given that the components of undertakings differ, a variety of goods will be on offer at all times. Consumers may reject certain undertakings in favour of others. Intense competition means that they will be required to pay a relatively low price in consent for policies when they materialize (if they do). More important, in this model, competition means that entrepreneurs must continue to produce or else they will be driven out of business. They must invest accumulated power in the fabrication of more
undertakings, and this may help ensure that power does not become concentrated. Autonomy, therefore, follows only from competition, which, as history shows, is absolutely necessary. To quote Canetti (547):

"...there is scarcely any sphere of civilized life where commands do not reach and none of us do they not mark. Their threat of death is the coin of power, and here it is all too easy to add coin to coin and amass wealth. If we would master power we must face command openly and boldly, and search for means to deprive it of its sting."
ENDNOTES

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1. Often political entrepreneurs control representative, non-official organizations. Lijphart’s notion of consociational democracy, for example, rests on the supposition that the leaders of ethnic groups in a fragmented polity have sufficient power over the members of those groups to engage in inter-group negotiations and to bind their followers to the outcome. (Of course they extract power from supporters for the collective struggle against the Other.) But different actors can undertake to erode this position - through altering resource distributions and encouraging assimilation or geographic mobility, for instance. This effect is not limited to relations within states, as political competition does not respect international boundaries: see Haskel.

2. The extension of constitutional rights to some group is perhaps analogous. If judges are still political entrepreneurs (as in the U.S.A., where some are elected), or if they are akin to retired capitalists (husbanding their hoard of power), then rights are epiphenomenal. Even if they certify or flow from existing power relationships, on the other hand, rights can have a ratchet-like effect, inhibiting future abuse should power relations shift.

3. Stanbury’s estimate of $185,000,000 is of funding for representational purposes (lobbying) only. It excludes payments for the provision of services, and also excludes many grants of less than $50,000.

4. For an interesting attempt to construct a model of dictatoral regimes employing a power-maximization assumption, see Wintrobe. In non-dictatorships it may be the case that power-maximizers drive out other entrepreneurs. In any event, those seeking to do great good can easily persuade themselves that much power is necessary to accomplish their ends.

5. In politics, the ratio of actions, things and interactions which are the objects of undertakings to the actions, things and interactions which exist in the world can approach unity. As Churchill is said to have said about German fascism, "What is not forbidden is mandatory." Undertakings, however, do not alone drive history.

6. Political exchanges can be multi-partite, and entrepreneurs can trade undertakings which mainly affect third parties. Similarly, exchanges can involve many undertakings simultaneously. This facts complicate but do not invalidate the schema laid out here.
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