

Cours Number / The Structure of Politics at the Accession of George III
(London, 2nd ed, Macmillan, 1969)

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p X-XI - The 18th body is different from 20th:

"Parliamentary politics not based on parties as to us a non-Euclidean system, and similarly require a fundamental readjustment of ideas and, what is more, of mental habits."

p xi "Here is an ant-heap, with the human ants hurrying in long files along their various paths; their joint achievement does not concern us, nor the changes which supervene in their community, only the pathetically intent, seemingly self-conscious running of individuals along beaten tracks." [at least these are the concerns in the 1st chapter here: "They then went into Parliament".] [the implication is that concerns will broaden in the rest of the book + in following chs]

in ch-1

... "I deliberately refrain from discussing so-called parties and political groups, their meaning or lack of meaning; the political life of the period could be fully described without ever using a party denomination."

Number #2

p 2 - men went into the Commons "to make a figure" (he quotes from an 18th source)
"The figure of their day-dreams differed with their rank and profession, with age, temperament, and circumstances; so much, however, was common to practically all: the seat in the House was not their ultimate goal but a means to ulterior aims."

p 17 "At all times a system of spoils and benefits necessarily obtains in governing representative bodies where sharp contrasts of ideas and interests or strong party urges do not predetermine the vote of the individual Member, or do not reduce him to a pawn in the Parliamentary game. If personal disinterestedness is expected from independent Members, they have at least to secure benefits and advantages for their constituents; and where the constituents are too numerous to be benefited individually, it becomes a question of a commercial treaty, a bribe or bounty favouring some local industry, of public works in the district, etc."

Richard E. Neustadt, "Politicians and Bureaucrats," ch. 5 in Truman (ed)

p. 103 post 1930s bureaucratic expansion.... "Both organizationally and in terms of personnel the new bureaucracy is a projection of congressional committee jurisdictions—or, more precisely, since 1946, of standing subcommittee jurisdictions. And most committees guard, with jealousy and pride, the separations among agencies (now p. 104) downtown. Why, for example, is the Small Bus Adm independent of the dep of Commere? The answer lies in the committee structure of the House."

p. 105. As reaction to big bureaucracy, Congressmen have reasserted powers over adm. in three ways 1) appointment powers in top posts, 2) annual authorizations, and 3) "Committee clearance" (a postwar innovation) "In recent years we find numerous statutory provisions—some enacted, some rejected, some enforced without enactment—which require that an agency report particular administrative actions in advance to a committee, or, stronger still, which require that an agency 'come into agreement' with committee personnel before action is taken or, strongest of all, (now on p. 106) which require that an agency respect committee veto in a fixed time-period after the fact." (e.g., in Ag., AServ, Interio, FWks, and JCAE—mainly these committees). "Taken together, these assertions seem to aim at giving legislative committees (and their members) a hold on bread-and-butter for home districts: site locations, purchase contracts, surplus sales."

Neustadt in Truman #2

p. 106. "It is significant that the most heartfelt arguments against these new devices come from central, presidential agencies, especially the Bureau of the Budget."

p. 107. "Control devices can produce a merger, in effect, between particular committees and 'their' agencies.....there may result a tight relationship between affected agencies and congressmen, restraining competition in the interest of stability for policy and personnel alike. If clients and constituents are brought into the combine to the satisfaction of all sides, so much the better."

p. 107. "But congressmen in general gain no measurable benefit from mergers on these terms, no special hold of policy or personnel, no special claims with clientele. The benefits accrue to members of particular committees and their friends (both on and off the Hill)."

p. 108. But all this is only limitedly effective. Agencies play off committees vs. one another, e.g.... p. 108: "Who controls whom is a nice question. Perhaps officials are as often the manipulators of committees as congressional seniors are the managers of agencies."

Congressberg: unite vs the Bureaucrat!

Richard E. Neustadt, Presidential Power (NY, New American Library Signet, 1964, pb)

Prexy's power to persuade varies with professional reputation and public prestige.

ch. 4 Prof. reputation: The Wagnington community watches him....

p1 66 Other men in government: " Their problem ~~XXXX~~ never is what abstract Presidents might do in theory but what an actual incumbent will try in fact. They must anticipate, as best they can, his ability and will to make use of the bargaining advantages he has."

ch. 5 Public Prestige: (Not just congmen here:) "Most members of the Washington community depend upon outsiders to support them or their interests. The dependence may be as direct as votes, or it may be as indirect as passive toleration. Dependent men must take account of popular reaction to their actions. What their publics may think of them becomes a factor, therefore, in deciding how to deal with the desires of a President. His prestige enters into that decision; their publics are part of his. Their view from inside Wahington of how outsiders view him thus affects his influence with them." (All this is on p. 88; there's nothing else to go on.)

Q11 Offer only for McNamara while: "By 1964 I cannot recognize that there is anything inherent in the nature of bureaus and our political institutions that leads public officials to know, seek out, or act in the public interest."

Q15 an ees approach: "The 'computer' method sees, which develops hypotheses about social behavior from models of purposive behavior by individuals, contrast with the 'collectivist' method of sociology, which develops hypotheses about social behavior from models of role behavior by aggregative ideal types." — he gets the terms from Hayek, Heilbrunn.
The bureaucrat in an ees gaff: "He is a 'chooser' and a 'maximizer' and, in contrast to his part in the characteristic method of sociology, not just a 'role player' in some larger social drama."

Q16 Bureaus don't talk much about "output". They often talk in terms of activity levels (student, guard, etc) — But neither bureau nor sponsor (eg Congress) may have a good idea of relation between activity level + output

Niskanen, B+RG #2

Q26. "The relation between activity level + output is usually left obscure + is sometime consciously obscured."

Q27. "... it is not the preferences of the constituents that are important to the bureau, but rather their influence on the revealed preferences of the bureau's sponsor." (QED)

Q28. US - composite sponsorship: US generally: "Because the exec + legislature represent different constituencies, are selected by different processes, and use different internal decision processes, the demands for services expressed by the legislature will usually be different from those initially expressed by the executive."

Q28 - Bargaining takes place before budget is passed, with PF inclusive effects.
eg. LBS (+DGB) accept a deficit bill in exchange for a cuts bill.
✓ so, who

Niskanen #3

Q28: "Where the exec has a higher demand for a specific program, the bureau will bargain with the legislature to sponsor a larger program of services for which the legislature has a higher demand in exchange for legislative approval of the exec's prepared program. This process works very well for the several parties involved — as demonstrated by the relatively few times that Congress adds to the executive budget. The effect of all this bargaining is that a state or federal bureau finally faces only one budget — output function directly revealed by the legislature but reflecting the composite demands of both the executive and the legislature as worked out in the bargaining process."

Q29-30 sponsors of bureaus usually have little incentive to gather info on what is going on in a bureau.

Q30: "Even when the sponsor is normally a full-time legislator, the sponsor usually has little incentive or finds little time to review the activities of the sponsored bureaus in competition with personal services for his constituents and other activities to assure his reelection."

Niskanen, #4

³⁶⁻⁴²
~~Parameters~~ try to maximize their budgets, he says (this serves all other purposes).
So, output (in a fuzzy way) can help sometimes.

Q135: "A two-candidate election provides about as much info on the population preferences as would the selection of a fixed diet for a several-year period from a menu which includes only two fixed diets, where the price + some of the elements of the diet are stable, the capability of the chef is uncertain, a bar grill + a rich group are distracting one's attention, and there is only one place to eat in a very large region. Moreover, the press for selecting the two menus assures that they will be similar."

Q137: "The behavior of both the ~~exec~~ + the legislators can best be interpreted as the result of maximizing their own personal interests subject to the constraint of reelection."

Niskanen #5

Q137 - "There is an 'invisible hand' in governmental affairs, but it is a helping hand for some, a barely acceptable appendage to many, and a marbled fist for others."

Q143 - "The effect of log-rolling is similar to the effect of averaging the bill at a restaurant; each person has an incentive to order a high-priced (sic) meal than if the bill were separate. Both bureaus + restaurants, understandably, prefer the averaging of their charges."

Ch 14 here (p 138 - 154) ("A Model of the Review Process in Representative Govt")
is a good positive model of how a politician revises budgets.
(It has the usual assumptions about budgets + public goods)

Q143 - He has a point here (forget it) that there's no a priori reason for gov'ts to under- or overspend (depends on equilibrium distribution).

Niskanen #6

Q145: "No rep of a constituency that is consistently in the low-demand group for a large number of public services has an incentive to trade votes except to try to reduce the tax charges to his group."

Q146-154 is a complex model of bureau - committee - house relations.
with post-bureau committees supporting bureaus + winning in house ✓
He thinks that the committee review process is a farce.
→ overspending for the high-demand groups.

219-220 - One proposal of his wd randomize + rotate legislative committee appointments ✓
220-221 - or else randomize assignment of debts, more or less
222 2/3 rule wd be better - wd → still a gov't bigger than optimal size, but smaller than now.

Q227 - the floor veto recommended: "From the President's view, the primary purpose of the veto is to protect the interests of the median voter against the advocates, represented by both the bureaucracy and the legislative committees."

William A. Niskanen, "The Pathology of Politics" 1972ms (uncitable)

He's worried about the growth of the federal budget, and is trying to explain it by looking at de facto constitutional changes wrought by govt. officials.

p. 9 "The modus operandi of Congress is a division of labor based on reciprocal respect for the 'turf' of other members on issues specially affecting their districts or a developed functional constituency." a question of voting rules..... "On many, many most, decisions, the effective coalition is a non-random minority of the members of Congress, the size of this effective coalition differing on each issue." he mentions specialized committees, etc.

p. 10) (Clearly he thinks that all this produces spending that wouldn't be approved, maybe, by the general population.)

p. 12. "The most important characteristic of representative government is that one delegates the decisions on collective actions to someone else who faces rewards and costs that are different from those faced by the individuals they represent."

He worries about govt complexity (with its resultant decision costs & speczn) and about the coming of professional politicians.

bureaus that do not have an exclusive monopoly in the supply of a service and to address the normative questions about the representative governments through which public services are financed.

Collective organizations, of course, are not passive, in the strict sense. Many people work very hard to select officers for collective organizations. Many officers work very hard, and most officers undoubtedly identify their personal interests, at least in part, with their perception of the public interest. There are often good reasons to be skeptical about whether the public interest is served by their activities, but there is seldom any purpose served by being cynical about their motivations. The beginning of wisdom in the study of collective organizations, from country clubs to national states, is the recognition that the officers of such organizations, like bureaucrats, are men with quite personal objectives and with limited capacities. The personal objectives of such officers include both selfish and benevolent elements, in different proportions, and it may be that the selection process for officers of collective organizations is such that those selected are more strongly motivated by benevolent considerations than are their constituents. The officers, however, even when motivated by benevolent considerations, are men who are neither omniscient nor omnipotent. They are inherently neither philosopher-kings nor, in the modern terminology, Pareto-optimizers.¹

The behavior of collective organizations and the degree to which they serve the interests of their constituency depend on several characteristics: (1) the opportunities and costs for a person to transfer his membership among collective organizations; (2) the processes for selecting officers of the collective organization; (3) the processes for dividing the activities of the collective organization among its officers; and (4) the decision rules of

1. Economists, at least, should recognize the paradox in their typical assumptions about the motivations of people in their private and public activity. Nathan Rosenberg expressed this most aptly:

"The history of the economist's treatment of political behavior and policy making presents a curious and not entirely edifying spectacle. The eighteenth-century origins of our discipline are steeped in a conception of human behavior which was uncompromisingly self-interested and egoistic. The keynote was perhaps set by Mandeville who assured his readers that 'there is nothing so universally sincere upon Earth, as the Love which all Creatures, that are capable of any, bear to themselves.' As a counterpart to this view, the possibility of disinterested, to say nothing of altruistic, behavior on the part of all public officials was treated with at least skepticism and more often contempt. Adam Smith made withering references to 'that insidious and crafty animal, vulgarly called a statesman or politician,' and David Hume accepted it 'as a maxim, that, in contriving any system of government, and fixing the several checks and controls of the constitution, every man ought to be supposed to be a knave, and to have no other end, in all his actions, than private interest.' Yet somehow or other, economists allowed themselves to be saddled with a Benthamite legislator whose own preference function played no role in political decision-making and whose adroit use of the felicific calculus enabled him to calculate that wondrous ambiguity, 'the greatest happiness for the greatest number.' Perhaps even more astonishing than his ability to make this calculation was the assumption that he would in fact legislate accordingly" (Nathan Rosenberg, "Efficiency in the Government Sector: Discussion," *American Economic Review*, May 1964, pp. 251-252).

The Behavior of Collective Organizations

the collective organization. Almost all the literature on the collective organizations assumes that an individual has no cost to be a member of such organizations (the costs of transferring are infinite) and focuses on the effects of the three political characteristics. These four characteristics differ substantially among collective organizations and, as a consequence, the behavior of collective organizations is much more heterogeneous than the behavior of profit-seeking firms or bureaus.

The costs of transferring membership among churches or clubs is small; the costs of moving in order to be served by another government are somewhat larger; and these costs increase at each higher level of government. A variety of processes and voting rules are used to select officers of collective organizations, and for some organizations these are effectively self-perpetuating. Some small collective organizations act as a body, but most collective organizations divide some of their activities among committees which are selected in various ways. Most organizations make decisions on the basis of a majority approval, but some decisions are based on a different quorum of the officers, but some decisions are based on a different rule or a different quorum. For this reason, even the taxonomy of political science has proved difficult.

The behavior of bureaus sponsored by significantly different collective organizations should be expected to be quite different. This does not present so much of a problem as it might appear, because the variance in the political characteristics of collective organizations among private collective organizations and local governments is small. In these organizations, however, there is one important uniformity—the cost of transferring membership or moving in order to be served by another local government is small. As a consequence, the demand for services financed by any one of these smaller collective organizations is very elastic, because the slope of the demand function to each is determined more by the distribution of the costs of transferring membership or moving than by the population demand for the services. The maximum net benefits that a bureau financed by a private functionary collective organization could appropriate is the aggregate net benefits from transferring membership. The maximum net benefits that all bureaus financed by a multi-service local government could appropriate is the aggregate net benefits from transferring membership. The casual member of a church or country club has no reason to be concerned about the political characteristics of the organization because his costs of transfer are low. The renter-employee has no reason to be concerned about the political characteristics of the organization because his costs of moving are low. Conversely, it should be

2. Choice of membership among collective organizations should be different from the choice of membership among groups (such as political parties) within a collection. There is a good deal of literature, of course, on party affiliation and recruitment.

FROM NISKANEN BOOK P. 128

Roger G. Noll, Reforming Regulation (Brookings, 1971) Soc Sci JK 901 N65 (LC)

p 34: - He argues that Congress has "enormous leverage over general agency policy and even over individual decisions." - because of control over agencies + legisl authority on scope of activities.

p 39-46 - This is an excellent section on "Political Economics of Regulation" in which a good case is made that commissions will try to keep their decisions from getting overruled, and to keep continued operation of the regulated sector.

p 42: "If an agency overwhelmingly balances the interests of society generally against the interests of the regulated, it will continually find itself called upon to defend its decisions before the courts and the Congress. Yet when it shows some degree of favoritism to the regulated, the response of these public institutions leads it to believe quite wrongly that its decisions are satisfactory. Thus the agency can very well believe it is behaving in the public interest simply because the institutions that can reverse the agency are not being called upon - at least not effectively - to do so. But this is a result not of overboardedness

Noll #2

(contd)
on the part of the agency, but of the great difficulty the general public has in making known its dissatisfaction. As Cary said, because there is little political gain in effective regulation, ineffective regulation will result - for there is political gain (votes and campaign contributions from individuals associated with the regulated industries) to be had there."

Sketch on the Brookings conference:

LOWEST (1971)

p 101: "The conference participants generally agreed that the lack of clarity in regulatory policies creates a critical problem. First, the Congress has not seen fit to write legislation with specific policy mandates, preferring fatuous, self-contradictory wish-lists such as the North American Free Trade Agreement of 1940."

"Many conferees expressed skepticism that the Congress could be induced to make regulatory legislation more specific. Vague legislation contains less potential dynamite and requires less depth of knowledge about the problems of regulation."

Douglass C. North, Growth and Welfare in the American Past

pl 175. "In only two years during the 1930's was governmental fiscal policy (at all levels) significantly more expansionary (in terms of its effect on aggregate demand) than it had been in 1929. The two exceptions were 1931 and 1936, when large payments to veterans were made over the objection of both the Hoover and the Roosevelt administrations.".....