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THE CALCULUS OF AGENDA-BUILDING: AN ASSESSMENT
OF ECONOMIC MODELS IN POLITICAL ANALYSIS.

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THE AMERICAN UNIVERSITY
SCHOOL OF GOVERNMENT AND PUBLIC ADMINISTRATION

THE CALCULUS OF AGENDA-BUILDING:
AN ASSESSMENT OF ECONOMIC MODELS IN
POLITICAL ANALYSIS

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ABSTRACT

Empirical theorists such as E.E. Schattschneider, and deductive theorists such as Mancur Olson, have each noted that "latent" or dispersed interests are less salient in the political arena than special interests. This study asks what economic methods have added to this generalization, in order to assess their uses and limitations for political analysis. It is argued that economic methodology permits us to make distinctions among different types of issues, so that we can explain why, and predict when, some issues and not others, are placed on the political agenda.

An economic model is developed which is essentially a typology of issues in terms of whether they are public or private, and whether they impose costs or benefits. It is based on Mancur Olson's application of the "free rider" problem to collective action. Olson's theory is generalized so that "private" activity becomes a more inclusive concept than benefits from group membership, and is thus able to explain a broader range of political activity. The model is used for two purposes. The first is to organize the economic literature, accounting for differences among such theorists as James Buchanan and

Gordon Tullock, Anthony Downs and Olson, and specify the types of issues where each is relevant. The second application of the model is to generate predictions about the extent of popular activity and government response in respect to each type of issue.

The accuracy of the predictions is explored by looking at political activity--by both the public and the government--in Montgomery County, Maryland, for a six-month period. The results of this empirical work suggest that the model is accurate for some types of issues, but not for others. A case study was made of one of the exceptions to see why people do get involved in public goods activity. A typology of motivations was developed to organize the results of interviews with participants, and determine if there were private reasons behind the activity. This typology of motivations was then used to assess the relative value of different ways to describe what goes into a person's utility function. On balance, Olson's limited view of utility was analytically more valuable than various expanded utility functions.

The research suggests that public goods theory as expressed in the model can be very useful in those three types of issues which incorporate some form of private interest. At the same time, other forms of analysis must be drawn on in a fourth type of issue, where both the

benefits and costs are "public" or dispersed. Whereas some writers have treated this fourth type of issue as coterminous with politics, the definition of "private" used here emphasizes that many policies which are technically "public," have a "private" impact on incentives. As a result the study concludes that economic models are useful in explaining issues of this nature, and thus have a broader utility than many critics have maintained. In addition, they are more useful than empirically derived typologies, such as that developed by Theodore Lowi, in that they can explain why some issues and interests tend to be ignored, as well as acted upon. Heuristically, the model suggests that the traditional pluralist model of politics as self-interested bargaining, is relevant to a limited political arena. Beyond that other models of political coordination may be more appropriate.

TABLE OF CONTENTS

ACKNOWLEDGMENTS	i
PREFACE	iii
INTRODUCTION.	1
 Chapter	
I SPECIAL AND DISPERSED INTERESTS	4
II ECONOMIC MODELS OF HUMAN BEHAVIOR	15
III A MODEL OF POLITICAL ACTIVITY	47
IV POLITICAL ACTIVITY IN MONTGOMERY COUNTY, MARYLAND.	73
V A CASE STUDY OF A "PUBLIC GOOD"	107
VI MOTIVATIONS FOR POLITICAL ACTIVITY.	129
VII THE DILEMMA OF RATIONAL-ACTOR MODELS.	158
VIII THE USES AND LIMITS OF ECONOMIC MODELS.	171
BIBLIOGRAPHY.	187

LIST OF TABLES

I Differences Between Two Models of the Provision of Collective Goods.	40
II Model of Political Demands Based on Private or Public Impact	47
III Model of Political Demands, Based on Immediate or Remote Impact	48
IV Model of Government Response With Private and Public Policies.	50
V Political Demands and Government Actions on Private and Public Policies.	64

VI	Number of Demands on the Government for Private or Public Goods.	78
VII	Number of Demands on the Government for Immediate or Remote Results.	84
VIII	Number of Government Actions in Montgomery County, According to Private or Public Impact	96
IX	Government Action in Montgomery County According to Immediate or Remote Impact	103
X	Perceptions of the Impact of the MPDU Legislation by Different Interests	124
XI	Classification of Motivations to Participate.	136
XII	Typology of Reasons for Acting for a Public Good.	137
XIII	Distribution of Motivations Among Groups Participating in MPDU Activity	150
XIV	Typology of Dominant Tendencies Why Groups Worked on the MPDU	151
XV	The Uses and Limits of Economic Models.	176

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Dr. Ruth Lane read with a "broad brush," and helped me to step back and gain a broader perspective on what I was about. Not everyone finishes an account of Paul Samuelson's economics, only to find "Rousseau?" written

in the margin. At another point she told me I needed to reorganize the thesis like a Shakespearean play. I had a fleeting image of how Anthony Downs would read in iambic pentameter, when she explained I needed to move from the general to the particular, whereas I tended to do the reverse. I am grateful for her attention to the broader implications of ideas and research, particularly in the area of motivations.

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PREFACE

Hannan Pitkin has written of her study of Wittgenstein that it is both a very impersonal and a very personal account. This assessment is equally true of the present study. Much of it is concerned with economic methodology, and it is hard to think of any mode of analysis which is intrinsically more impersonal than economics. By its very nature, economic thought abstracts the general from the personal, and deals with expected probabilities rather than the idiosyncratic.

At the same time there is a very personal agenda implicit in my use of economic thought. Political analysts must at some point come to terms with their own biases. I have been well aware that my instincts led me to reject economic analysis as useful in political analysis. I am too impressed with the ambivalences and richness of human motivation to be satisfied with simplifying metaphors. Economic thought put me off at a second level also. I am not convinced that politics is primarily concerned with aggregating individual wants. The interaction of individuals, as they try to determine their wants, may be an even more crucial set of data for political science. Thirdly, I am very open to the possibility and desirability of normative

discourse in political analysis. Economics itself eschews any such possibility as lying within its province.

Even as I clarified these biases, I found myself fascinated with some of the results of economic analysis in the political arena. I found economists raising questions that no one else was doing. It was not just that I came to grant that those who used it might have a point. It was also the thought that I needed to work through the assumptions of economic methods, precisely because I wasn't predisposed to them. This desire to sort out my fascination and misgivings provide the personal agenda of this thesis.

INTRODUCTION

Political analysis had scarcely adjusted to speaking in the language of statistics and correlations when it was confronted with an entire new language of mathematical formulas and economic analogies. As the concept of "human nature" was replaced with correlations between status and preferences, these same correlations have had to make way for axiomatic statements about utility maximization.¹ The process of absorption by the discipline, however, doesn't merely entail learning new signs. A language and indeed any methodology, has its own unique approach to reality, as well as a particular way of specifying what part of reality to focus on.² The present study is an effort to

¹If the articles in the American Political Science Review are categorized as to whether they use non-quantitative analysis, statistical inferences, or models based on economic assumptions, the results are: 1972-Analysis-14; Statistics-20; Models-6; and for 1973-Analysis-10; Statistics-27; Models-9.

²For example, one researcher found significant correlations between characteristics of state constitutions and the extent of interest group activity in that state. Using the dominant paradigm in political science, he concluded that the interest groups had "caused" these variations in constitutions. From the perspective of economics, however, the causal chain is quite the reverse. Economists assume that the structure of the political system is more nearly the "cause" of the variations in interest group activity. Lewis A. Froman, Jr., "On Paradigms in Political Science and Economics," Public Choice, 3 (Fall, 1967), pp. 91-92. For general discussions of biases in different approaches see Eugene F. Miller, "Positivism,

look at the assumptions and implications of the economic paradigm and methodology and ask how useful it is in explaining political reality. In order to do this, it looks at a problem which has been dealt with by a variety of approaches in political science, to determine the contributions of economic methods in understanding it. The specific problem is to explain why special interests are more politically salient than dispersed or general interests.

An underlying assumption of this paper is that political analysis would do well to begin with problems rather than methods, and then explore the insight which each method has to offer in explaining the problem.³ Professional expediency requires some specialization of skills, but analysis also requires some recognition of the merits and limits of

Historicism, and Political Inquiry," American Political Science Review, 66 (September, 1972), pp. 796-817; and J. Peter Euben, "Political Science and Political Science," in Power and Community, ed. by Philip Green and Sanford Levinson (New York: Vintage Books, Random House, Inc., 1969), pp. 3-58.

³Compare Martin Shubik's comment that, "In the behavioral sciences in general, it is a safe axiom that the correct model is very much a function of the question to be answered." "On Home Politicus and the Instant Referendum," Public Choice, 9 (Fall, 1970), p. 79.

each skill and approach.⁴ Abraham Kaplan expressed this point most aptly when he called for political science to adopt a "logic-in-use." We must find that logic which is useful to the task we set ourselves, instead of following the principle of "the drunkard's search," and looking for our house key under the street light, instead of in the gutter where we lost it.⁵

⁴Several writers have specifically compared economic analyses of politics with other approaches, most often with a sociological approach. Three economists who have done so are Mancur Olson, Jr., "The Relationship Between Economics and the Other Social Sciences: The Province of a Social Report," in Politics and the Social Sciences, ed. by Seymour Lipset (New York: Oxford University Press, 1969), pp. 137-162; William C. Mitchell, "The Shape of Political Theory to Come: From Political Science to Political Economy," in Ibid., pp. 101-136; John Harsanyi, "Rational-Choice Models of Political Behavior vs. Functionalism and Conformist Theories," World Politics, 21 (July, 1969), pp. 513-538. Brian Barry has also written an extended comparison in Sociologists, Economists, and Democracy (London: Collier-MacMillan Limited, 1970).

⁵Abraham Kaplan, The Conduct of Inquiry (San Francisco: Chandler Publishing Co., 1964). A similar point is made by Arthur Stinchcombe, "The crucial question to ask of a strategy is not whether it is true, but whether it is sometimes useful. . . If one approach does not work for explaining a particular phenomenon the theorists should try another. He ought to be trained to be so good at the various approaches that he is never at a loss for alternative explanations." Constructing Social Theories (New York: Harcourt, Brace and World, Inc., 1968), p. 4.

CHAPTER I

SPECIAL AND DISPERSED INTERESTS

Political analysis is replete with empirical observations that special interests have easier access to decision makers, and are more readily deferred to by policy-makers than "non-special" interests. It is much less common for citizens to articulate their general interests, and more difficult for them to reach the public agenda. These are interests which we have as members of the public, as taxpayers, as consumers, as those who enjoy an attractive environment.¹ At the same time there is a general consensus that a concern with these "non-special" interests embark the analyst into the murky waters of the "public interest."²

¹Brian Barry, Political Argument (London: Routledge and Kegan Paul, 1965), p. 190. Theodore Lowi refers to "the public part of each of us." "Four Systems of Policy, Politics and Choice," Public Administration Review, 32 (July, August, 1972), p. 308. One school of political analysis, sometimes designated the neoclassicists, actually define politics as that activity concerned with general, public and common interests. See Sheldon Wolin, Politics and Vision (Boston: Little, Brown and Co., 1960), p. 9.

²For the critique that the public interest can't be operationalized see Glendon Schubert, The Public Interest (Glencoe, Ill.: Free Press, 1960). In a more sympathetic analysis, Richard Flathman has argued that public discourse is the closest one can come to the "public interest." The Public Interest (New York: John Wiley and Sons, 1966). Brian Barry gives it more positive meaning by defining "interests" as those policies which are necessary to enable us to satisfy our wants. Political Argument, pp. 174-185, 190-191.

If an interest is not articulated, who is to say that it is in anyone's interest, least of all the public's? And how can we describe it, or measure it, or even be sure it exists? And yet the contention remains that some kinds of interests have more political salience than others, and so we come full circle.

If democracy is conceived as a process whereby individual preferences are combined into some form of policy output, then the extent to which those preferences are expressed, and then weighted and counted is an important concern. The burden of the empirical work in this regard has focused on how such opinions are formed, under what conditions they are expressed, and whether or not elites respond to them.³ Research has generally questioned the rationality of individual preferences, with the result that many authors shifted to a model of the political process which focused on interaction among elites, rather than on the way popular desires are processed.⁴ The tendency of

³For a collection of the major research in this area see Norman R. Luttbeg, Public Opinion and Public Policy (Homewood, Illinois: The Dorsey Press, 1968).

⁴For a seminal statement of this view see Robert Dahl, Who Governs? (New Haven: Yale University Press, 1961), Ch. 28. For the relevant studies of voter attitudes see Angus Campbell, Philip Converse, Warren Miller and Donald Stokes, The American Voter (New York: John Wiley & Sons, Inc., 1964).

this focus is to assume that the elites must bear the responsibility for ascertaining public preferences and goals, and that they will do so, as long as they have to compete for electoral support. This approach has not been particularly concerned about the role of special interests since they have to compete with each other. In addition, it assumed that dispersed interests would be articulated in very general terms through elections.

An equally sanguine approach to special interests is found among the group theorists. As articulated by David Truman, they view politics as the constant interaction of a variety of groups bargaining and competing with each other. Further, the very plurality of special interests prevents them from exploiting others. In addition, those who aren't active in the form of "special interests" exist in the form of "latent interests," groups which will become politically active at any point when their interests are threatened.⁵ At another point Truman defines these mass interests as "the rules of the game," suggesting that the public interest consists of the freedom of all interests to organize and compete with each other. If these rules are threatened at any point, the public will somehow express its disapproval through group action. Truman admits that

⁵David Truman, The Governmental Process, 2nd Ed., (New York: Alfred A. Knopf, Inc., 1971).

at times the "unorganized interests" may not have their concerns met, but continues that, "in a relatively vigorous political system, these unorganized interests are dominant with sufficient frequency in the behavior of enough important segments of the society so that, despite ambiguity and other restrictions, both the activity and the methods of organized interest groups are kept within broad limits."⁶

Not all theorists have been as confident as the writers discussed thus far that the interests of the broad public would be represented. In 1935 E. E. Schattschneider wrote that political science should not assume that interests are necessarily translated into behavior. Just because someone has an economic interest in some policy they will not necessarily translate that into an "effective demand." Therefore, analysis needs to look at the activity of special interests, and then also ask, "what has become of the force of hosts of other interests that seem to be unable to get themselves registered in the making of public policies."⁷

To explain why some demands are effective and others are not, Schattschneider focused on the political processes and institutions through which policies get enacted. His own study dealt with the congressional committee system which produced the 1930 Tariff Act, and concluded that

⁶Ibid., p. 515.

⁷E. E. Schattschneider, Politics, Pressures and the Tariff (Hamden, Conn.: Archon Books, 1963), p. 4.

"congress writes bills which no one intended."⁸ Committee procedures only elicit the participation of highly structured and financed interest groups, rather than more broadly based groups which are indirectly affected. Broad policy positions of the appropriate scope of the act, or how high the rates should be, are never dealt with. Instead the committees disaggregate the tariff into a multitude of specific decisions, producing a bill which grants a little to everyone, without ever looking at its broad societal impact. And so tariff legislation is "carried through by the intense activity of a few interests in the passive adjacence of great aggregates of interests which seem never to have become aware of the meaning of the legislation."⁹

In a later work on the American political process, Schattschneider paints a more complex picture, but he pursues his concern to explain why some desires are effective, and others are neutralized. Dispersed interests are only "semi-sovereign," partly because by nature people aren't that interested in politics, and partly because the elites define the issues so that the public does not perceive that it is being affected.¹⁰ In a memorable phrase, Schattschneider

⁸Ibid., p. 13. ⁹Ibid., p. 35, cf. also pp. 103-163.

¹⁰E. E. Schattschneider, The Semi Sovereign People (New York: Holt, Rinehart and Winston, 1960).

argued that the best way for dispersed interests to get their concerns enacted is to "expand the scope of the conflict." By redefining the issues at stake in any conflict, more people will get involved and express their demands. This insight into the ways in which special interests operate to shut out broader groups, was amplified by power theorists. Most frequently they contend that special interests manipulate issues, not only in order to shut out dispersed interests, but also to avoid dealing with the special interests of minority groups.¹¹

Theodore Lowi expanded Schattschneider's critique; the problem is not just that special interests have greater influence than the general public, but that the government has allied with these groups and lends them the added power of sovereign authority. The United States is currently committed to an ideology of "interest group liberalism." This commitment requires that if dispersed or minority interests are not organized, then the government should undertake to mobilize them. The result is that the government activates and serves special interests, both corporate and minority, and avoids using its powers to enact the broad general policies which would be in the interests of the public in its non-organized capacity. Lowi concludes

¹¹Peter Bachrach, Morton Baratz, Power and Poverty, Theory and Practice (New York: Oxford University Press, 1970).

that current liberal regimes compound the role of special interests by adding legitimacy to their claims, and shutting out the public.¹² Diametrically opposed to Truman's concern with the process of democracy, Lowi argues that dispersed or public interests will not be represented by increasing the access of more groups to policy making, but only by creating a strong rule of law.¹³

Many of the authors who are preoccupied that peoples' preferences do not automatically emerge as political demands on the public agenda, contend that different political arrangements make different types of preferences politically relevant. For example, Grant McConnell asked which size community was best able to represent broad interests. He found that to the extent that we have decentralization, we increase the influence of special interest groups which are best able to press their case at the local and state level. Only federal and centralized institutions are able to respond to non-special interests.¹⁴

¹²Theodore Lowi, The End of Liberalism (New York: W. W. Norton & Co., Inc., 1969), pp. 68-89. Compare also Henry Kariel, The Decline of American Pluralism (Stanford: Stanford University Press, 1961), in which he compares the state to a "broker of competing wills," pp. 146-7.

¹³Lowi, End of Liberalism, p. 125.

¹⁴Grant McConnell, Private Power and American Democracy (New York: Random House, 1966). See also John McGregor Burns, The Deadlock of Democracy (Englewood Cliffs, New Jersey, 1963); and Brian Barry, Political Argument (London: Routledge and Kegan Paul, 1965), pp. 237-291.

Murray Edelman pushes the analysis back to psychological variables. He describes the masses as insecure and troubled, and ready to accept assurances that the organized groups are being watched and regulated. Their very acceptance of these symbolic offerings leaves more leeway for the special interests to achieve their own ends.¹⁵ Whereas special interests organize to gain tangible benefits, dispersed interests are more concerned with symbolic rewards. The underlying reason for this appears to be the complexity of the society and the trouble that people have in either understanding or controlling events. Hence the ease with which they allow their preferences to be manipulated.

The explanations offered by these writers vary considerably: institutional arrangements--Schattschneider and McConnell; prevailing ideology and issue impact--Lowi; elite intransigence--Bachrach and Baratz; psychological insecurities--Edelman. But each assumes that some groups or interests behave differently than others. By contrast, economic theory offers a more general vantage point from which to study the differential treatment of interests. It assumes a single motivation to explain a variety of results. All varieties of interest groupings have the same motivation, even though the behavioral manifestations will differ.

¹⁵Murray Edelman, The Symbolic Uses of Politics (Urbana, Ill.: University of Illinois, 1964), p. 38; also Chapters 1 and 2.

Economic theorists begin with the rational calculus of the individual to spend his resources so as to maximize his utility. In contrast to the assumption that if individuals find a certain policy to be in their interest, they will work for it, Mancur Olson shows that in those cases where a benefit will affect everyone, it would not be rational for people to spend any effort in attaining it, since they can enjoy it anyway. In this way Olson presents a logical explanation for the lack of activity by dispersed or latent interests.¹⁶ Moreover these dispersed interests use the same calculus for their decisions and choices as those who do decide to work for their interests. Kenneth Arrow has demonstrated that where voters' preferences are given, there is no assurance that a unique social choice will emerge which faithfully reflects those preferences.¹⁷ Olson, in a similar argument, is saying that where citizens' preferences are given there is not even any assurance that they will be expressed as political demands.

In his model of democratic elections, Anthony Downs uses a similar assumption to explore what interests the elites respond to. If we assume that competing elites are primarily interested in winning an election, it will be most rational for them to support policies which a majority

¹⁶Mancur Olson, The Logic of Collective Action, Public Goods and The Theory of Groups (New York: Schocken Books, 1965).

¹⁷Kenneth Arrow, Social Choice and Individual Values, 2nd Ed. (New York: John Wiley & Sons, 1963).

of voters want. This argument shifts attention back to explaining what interests the voters are most likely to articulate. Economic theory tells us it is rational for organized interests to spend more time and energy pressing their interests than the average voter. It follows that it will be rational for the political elites to weigh these interests more heavily in their own calculus.¹⁸

If the empirical work in this area has been provocative, it has also been primarily descriptive. On the face of it, it would appear that the economic models might lend some generality, and explanatory power to the observation that some interests are more easily articulated and responded to than others. By arguing from a simple behavioral assumption that men act rationally to attain their goals, economic models demonstrate that the very logic of political aggregation ignores certain demands and opinions and amplifies others. In whatever way the opinions were formed in early socialization experiences, the very process of adding them together in the political process determines which have more salience.

Economic models, by extension, can suggest when a model of the political process in terms of processing popular inputs is appropriate, and when it isn't. It may be that

¹⁸Anthony Downs, An Economic Theory of Democracy (New York: Harper & Row, 1957), p. 255.

such an aggregative model applies to some types of interests and demands, and not to others. Often political analysts assume that politics either expresses popular preferences, or that it emerges from elite interaction. It may be that both models explain outcomes, but refer to different types of interests. And normatively, it may be that both models are appropriate, but for different interests.¹⁹

In the following chapters we will explore the implications of economic models in helping us understand the kinds of demands which reach the political agenda, and are taken seriously by governmental elites. In asking these questions, there will be a concurrent line of analysis: to what extent are rational--actor models a useful tool in looking at political behavior. What is gained and what is lost by simplifying motivations to a single dimension? Economic axioms are tools which have stood economists in good stead, but it is important to analyze, and not just assume, their relevance to political motivations and behavior.

¹⁹William Gamson describes the two approaches as "the influence perspective" which focuses on the power of the actors in the system, and the "social control perspective," which focuses on the system as holding power. He argues that they can be connected through the concept of political trust. Power and Discontent (Homewood, Illinois: The Dorsey Press, 1968).

CHAPTER II

ECONOMIC MODELS OF HUMAN BEHAVIOR

Economic methodology grew out of Utilitarianism, with its fundamental assumption that the basic unit of analysis is the individual. This premise requires that analysis begin with the preferences which an individual has, with his political desires, and trace out the implications as he finds himself interacting with other choice-making individuals.¹ As a result society becomes an aggregation of individuals, rather than an entity with its own dynamics. And the classical notion of the "good life" as the proper concern of politics, was transformed from a standard of justice to a summation of individual desires.

Given these assumptions, the political problem is to arrange the process of interaction so that everyone is able to get as much of what he wants as is consistent with everyone else's desires. It was the hope of Jeremy Bentham and the English Utilitarians that this process could come

¹This approach is also known as "methodological individualism." James Buchanan, "An Individualistic Theory of Political Process," in Varieties of Political Theory, ed. by David Easton (Englewood Cliffs, N. J.: Prentice-Hall, Inc., 1966) pp. 25-37.

to a reasonably happy conclusion.² If sufficient expertise is employed, the process of calculating the preferences of each--"pleasures" and "aversions"--will result in the "greatest happiness of the greatest number." The economic version of this "felicific calculus" was the "invisible hand" of Adam Smith, which was also a means to reconcile individual differences into some larger harmony. However, where Bentham tended to trust in administrative expertise, Smith said the process alone would lead to harmony.

Contemporary economists reject the simplicity of the Utilitarians.³ In doing so, however, they are not reneging on this effort to bring all individuals together into some larger whole. They feel that the early Utilitarians were wrong in assuming that individual pleasures and pains could be even approximately measured or compared. Modern theorists, however, also endeavor to reconcile the different interests. As put by James Buchanan and Gordon Tullock in their study of the calculus of the individual in choosing political institutions, "insofar as possible, institutions and legal constraints should be developed which will order the pursuit of private gain in such a way as to make it

²Jeremy Bentham, "An Introduction to the Principles of Morals and Legislation," in The Utilitarians (New York: Doubleday & Company, Inc., 1961), pp. 17-48.

³For example, James Buchanan refers to "utilitarian nonsense," in Demand and Supply of Public Goods (Chicago: Rand McNally and Co., 1968), p. v.

consistent with, rather than contrary to, the attainment of the objectives of the group as a whole."⁴ It is this search for appropriate arrangements which preoccupies economists. By what means, they ask, can we facilitate the individual getting what he wants, and in a way which allows everyone else to get as much of what he wants? Can we do so without resorting to a Kantian "categorical imperative?"

Whereas Bentham would have called this eventual result "harmony," modern economists use the concept of equilibrium. In fact, economic theories are an amalgam of conflict and equilibrium theory. They begin with differing individuals in conflict with each other, but seek to devise means to place them in eventual equilibrium. Whereas Marx began with irremediable class conflict which could only be dissolved by a final revolution and the establishment of a new society, the economists assume a less virulent conflict which can be managed, but never eliminated.

How do we know which arrangements will achieve this equilibrium? The criterion used by economists is that of efficiency, the idea of maximizing as many individual

⁴James Buchanan and Gordon Tullock, The Calculus of Consent, Logical Foundations of Constitutional Democracy (Ann Arbor: University of Michigan Press, 1965), p. 27.

preferences as possible. The meaning of efficiency has changed over time. At the beginning of the century, economists tried to show that economic policies which increased quality were "good," because everyone was better off if buying power could be expanded. Thus the meaning of efficiency included the idea of equality of distribution as a criterion to measure economic arrangements.⁵ In 1932 Lionel Robbins dismantled this system by reminding economists that they had no way of comparing the utilities of different individuals, or of saying the utilities of the poor were as worthy as the utilities of the rich. The result is that equality may be a political choice, but it cannot be presented as an economically justified criterion.⁶

As a result of Robbins' work, economists turned to the criterion of "Pareto optimality." This concept states that a policy is optimal if it improves the position of at least one person, and doesn't make anyone worse off. The easiest way to know if a policy is Pareto optimal is whether it is voluntarily agreed to--if some good is provided

⁵A brief history of the ways in which economists have viewed the criterion of efficiency, can be found in William Breit, "Income Distribution and Efficiency Norms," Paper prepared for distribution to participants in Urban Institute Conference, March, 1972.

⁶Lionel Robbins, An Essay on the Nature and Significance of Economic Science, 2nd ed. (London: MacMillan and Co., Limited, 1952).

unanimously or voluntarily, it is by definition Pareto optimal. It is for this reason that James Buchanan says that when economists are only dealing with private goods, with goods that anyone can buy for himself alone, efficiency or Paretian optimality is not a normative criterion, rather it emerges from voluntary action by definition.⁷

Economists can be classified by the use they make of the Pareto criterion. Some argue that economists cannot go beyond such a definition of efficiency, and would apply it broadly as a criterion for making policy. For example, Milton Friedman suggests that we charge fees to use national parks, and if the fees don't cover the costs, close them down.⁸ A different point of view is expressed in Burton Weisbrod's critique of Friedman's position: "This recommendation disregards income distribution considerations and other social goals except allocative efficiency."⁹ Weisbrod stresses the role that the given distribution of income plays in determining what is Pareto optimal, and questions

⁷James Buchanan, Demand and Supply, p. 7.

⁸Milton Friedman, Capitalism and Freedom (Chicago: University of Chicago Press, 1962), p. 31.

⁹Burton A. Weisbrod, "Collective-Consumption Services of Individual-Consumption Goods," Quarterly Journal of Economics, 78 (August, 1964), p. 472.

whether we want to be limited by this existing distribution.¹⁰ Economists with this latter approach would include the goals expressed through the political process, along with Pareto efficiency, as appropriate criteria for economists to use.

Another way to describe these uses of Pareto optimality, is to look at the different ways to define demands or preferences. Some economists are concerned with what they call "relevant" or "effective" demands.¹¹ These are demands which people are willing to pay for, and thus they are defined within the constraints of individual income. Others speak about demands per se, those preferences individuals have irrespective of income.¹² But both views have their difficulties; the first emphasis on "relevant demands" is clearly operational, but it isn't able to move beyond the constraint of the existing income distribution. The second

¹⁰Weisbrod elsewhere says "there is no single 'efficient' allocation of the economy's resources; instead there is an efficient allocation corresponding to each initial distribution of income." "Collective Action and the Distribution of Income: A Conceptual Approach," in Public Expenditures and Policy Analysis, ed. by Robert Haveman and Julius Margolis, (Chicago: Markham Publishing Co., 1970), p. 120.

For a series of essays which raise many of the issues in this distinction see the collection of essays in Public Expenditures and Policy Analysis, Ibid.

¹¹See Robert Bish's discussion of "relevant externalities" in The Public Economy of Metropolitan Areas (Chicago: Markham Publishing Co., 1971).

¹²Peter O. Steiner, "The Public Sector and the Public Interest," in Haveman and Margolis, Public Expenditures, p. 34.

emphasis runs into the major problem that there is no way to compare individual preferences or utilities--there is no yardstick external to different desires to say which should be met.

There is a second and even more fundamental aspect to the problem of defining individual preferences which predates the contemporary concern with operationalizing them. One view says that an individual should be defined in terms of what is clearly in his own interest. Those preferences which count are the ones which will make him better off, which are in his self interest. This was the underlying motif of British Utilitarianism from Hobbes through Bentham. It was Rousseau who insisted that it is more important to consider if an individual is oriented toward others. He rejected the atomistic creature of the Hobbesian world, and said that an individual was defined primarily by his concern and identity with others.¹³ Individualism, he maintained, could only be known and realized from within a community. This classical debate

¹³The terms which Rousseau used were "the will of all," that is the summed interests of all persons; as opposed to the "general will," or that which was in a person's interest insofar as he was part of a community. It is hard to talk about the "general will" without reifying it, and turning it into an authoritarian concept. Nevertheless, Rousseau was raising an important concern for political analysis. Jean Jacques Rousseau, The Social Contract (New York: Washington Square Press, 1967), pp. 27-32.

is a useful way to clarify some of the dilemmas in our contemporary study of political behavior. It has been said that the problem of "sociological man" is how to combine freedom and necessity;¹⁴ we can add that the problem for "economic man" is how to combine the self and others. In the context of this study, the question becomes whether "economic man" is defined in terms of his special or self interest on the one hand; or in terms of interests he shares with others, interests which are dispersed throughout the community.

The economist, Paul Samuelson, raised a question which generates some of the same concerns as Rousseau. It was a dilemma familiar in European thought, although American economists didn't deal with it until Samuelson called it to their attention in 1954.¹⁵ The traditional economic model of the demand and supply of private goods, he said, is of limited usefulness. It is unable to deal with those commodities, known as "public goods" which people can't own or appropriate. Economics had focused on the way in which individuals spend their resources to acquire those

¹⁴Ralf Dahrendorf, "Homo Sociologicus," Essays In The Theory of Society (Stanford, California: Stanford University Press, 1968), p. 44.

¹⁵Paul Samuelson, "The Pure Theory of Public Expenditures," Review of Economics and Statistics, 36 (1954), pp. 387-389. Olson discusses the failure to appreciate the concept of public goods in Collective Action, pp. 98-102.

goods they wanted. It assumed that they can arrange their preferences in some order, to arrive at what is called a "utility function" or an ordering of what they want. Secondly, it held that they will then make their choices among these alternatives to get as much of this utility function as they can afford.¹⁶ Samuelson's point was that this calculus didn't hold when these goods were ones which individuals enjoyed in common with others. When shared goods are part of a utility function, the same demand and supply models do not work.

Before clarifying the problems generated by public goods, it is necessary to be clear about their definition. In his original article, Samuelson defined them as those goods which "are equally consumed by everyone."¹⁷ It was quickly pointed out that this definition was too limiting, that few goods fit the description.¹⁸ Even a lighthouse, the classic illustration of a public good, is consumed by those living in Rhode Island more than those in Iowa. Samuelson, himself, offered another definition in the same article which proved more useful. A public good is one in

¹⁶James Buchanan, "An Individualistic Theory of Political Process," in Varieties of Political Theory, ed. by David Easton (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1966) pp. 25-37.

¹⁷Samuelson, "Pure Theory," p. 387.

¹⁸Julius Margolis, "A Comment on the Pure Theory of Public Expenditures," Review of Economics and Statistics, 37 (1955), p. 347.

which consumption by one person doesn't decrease its availability to others.¹⁹ To follow the analogy of the lighthouse, it is available to Iowans should they choose to use it, even if some use it more. The term for this aspect of public goods is "jointness of supply."²⁰

J.G. Head was the first to clarify that a public good also had a second aspect which was conceptually distinct from "jointness of supply." This aspect is known as "non-excludability."²¹ Can a person be excluded from benefiting from a good which is jointly supplied, but which he hasn't paid for. To some extent the problems of exclusion can be handled by such devices as user taxes, and yet the aspect of jointness remains. Tolls on roads are one very common way to exclude some from using a benefit which is nonetheless jointly provided to everyone. The mirror image of "non-excludability" is "non-appropriability," or the idea that individuals can't appropriate or own the full benefits of what they pay for.²² If you can't own what you pay for, then you have less incentive to buy it.

¹⁹Samuelson, "Pure Theory," p. 387.

²⁰Margolis, "Comment," p. 347; J.G. Head, "Public Goods and Public Policy," Public Finance 17 (1962), p. 201. Riker and Ordeshook, Positive Political Theory, p. 260. Samuelson, "Diagrammatic Exposition," p. 355.

²¹Head, "Public Goods," p. 203. See also Richard A. Musgrave, The Theory of Public Finance (New York: McGraw-Hill Book Co., Inc., 1959), pp. 8-9.

²²Head, "Public Goods," p. 203.

The important point is that either of these aspects, jointness or non-excludability, will result in a public good.

We have defined public goods as ones which are jointly supplied, and/or don't allow for exclusion of those who don't pay for them. Neither of these aspects are absolute properties of public goods. There can be varying degrees of jointness, in the sense that often joint consumption by others does detract from ones enjoyment. Public goods can be overcrowded or overused. Similarly, exclusion can be partially accomplished by using fees or prices to exclude some from using them.

Whenever a public good exists with either or both of these characteristics the economist deduces that the result won't necessarily be efficient, or Pareto optimal. This lack of efficiency is true for two reasons. The first is the problem of getting the right amount at the right price. Economic models demonstrate that resources are most efficiently allocated when the amount of each good produced is such that the last unit of each good has equal value-- or when there are equal marginal rates of substitution. An individual's evaluation of a good will vary with the price, which in turn will vary with the amount produced. This variation is no problem where private goods are concerned, since the marginal price tends to equal the average price. But with public goods, marginal price can

vary above or below the average price.²³ So there is no way to decide on an efficient amount, or an efficient price.²⁴

Samuelson offers the example of subscription TV to clarify the problems. A TV channel could be provided by dividing the cost among those choosing to subscribe. By this method the TV channel would be limited to those who paid for it. Even this "exclusion" property however, doesn't make the TV channel into a private good. It is still jointly supplied, or able to be made available to others. And why not let those who didn't subscribe enjoy it? "For what after all, are the true marginal costs of having one extra family tune in on the program? They are literally zero. Why then prevent any family which would receive positive pleasure from tuning in on the program from doing so?"²⁵ The answer is obvious--the original subscribers would feel cheated. However, as long as anyone remains who would like programming, and no cost is involved, the result is not Pareto optimal; some can still be benefited without hurting others. But if the channel were opened to

²³Buchanan, Demand and Supply, p. 41.

²⁴Samuelson and Head both suggest multiple pricing systems, but both conclude that such a system wouldn't establish an optimal amount of each good. Samuelson, "Pure Theory," p. 388; Head, "Public Goods," p. 200.

²⁵Samuelson, "Aspects," p. 335.

others, and thus made Pareto optimal, the original subscribers would be paying a disproportionate amount of the cost.²⁶

It follows that it is difficult to attain an "efficient" amount of a public good at a fair price. There is a second problem with public goods, that of knowing what individuals want. Since people know that they cannot appropriate their shares, and since they also know they will get it whether they pay for the good or not, they will tend to conceal their preferences for that good. If by making a demand, I know I have to share in the cost of something that I can get anyway, it is rational for me to pretend I don't want it.²⁷

²⁶E.J. Mishan presents a formula for providing an optimal amount of the public good, but says we still have the problem of setting the optimal prices. "The Relationship Between Joint Products, Collective Goods, and External Effects," Journal of Political Economy, 77 (1969), pp. 332.

²⁷We noted above that with private goods, marginal price equals average price, but that this is not true with public goods; therefore, it is hard to even get an individual's marginal evaluation for a public good, since his evaluation will vary with every price at which it is offered. See James Buchanan, Demand and Supply, p. 41.

Morton Kamien and Nancy Schwartz present a model which shows that "the size of the individual's bid diminishes with a decline in the possibility of exclusion." "Relevation of Preference for a Public Good with Imperfect Exclusion," Public Choice, 9 (Fall, 1970), p. 21. See also Richard Zeckhauser, "Voting Systems, Honest Preferences, and Pareto Optimality," American Political Science Review, 67 (September, 1973), p. 936.

The result is that under voluntary conditions much less will be produced than individuals are willing to pay for.²⁸

Thus for two reasons public goods pose problems for economic analysis--it is difficult to determine the appropriate amount to produce or purchase, and it is difficult to get individuals to reveal if and how much they want of them. At this point most of the public goods literature engages in an analysis of the extent to which the state should undertake to provide these goods, or whether voluntary collective action is sufficient. Some analysts are primarily worried that there won't be enough public goods provided under voluntary activity. They tend to focus on the costs that result from voluntary

²⁷Kenneth Arrow, "The Organization of Economic Activity: Issues Pertinent to the Choice of Market Versus Nonmarket Allocation," in Public Expenditures, ed. by Haveman and Margolis, p. 62. Musgrave, Public Finance, p. 62. Samuelson, "Pure Theory," p. 388-9. Head, "Public Goods," p. 201. Oscar Morganstern notes that this failure to reveal preferences makes it difficult to test Pareto optimal situations. A person may not be willing to reveal even to an interviewer what he wants. "Pareto Optimum and Economic Organization," cited in Clem Tisdell, "Some Bounds Upon the Pareto Optimality of Group Behavior," Kyklos, 19 (1966), p. 101.

action, and argue that unless the government takes the initiative, there will be an inadequate supply.²⁹

A second group emphasizes that government provision imposes costs that must be taken into account in deciding what institutions should provide the goods. The seminal statement of this position is offered by James Buchanan and Gordon Tullock in their study of the Calculus of Consent. It analyzes the factors which individuals consider as they try to decide whether to undertake voluntary collective action or turn to the government to provide

²⁹Zeckhauser, "Uncertainty," p. 100. William J. Baumol, "On Taxation and Correction of Externalities," American Economic Review, 62 (June, 1972), pp. 307-322. Otto Davis and Andrew Winston, "Some Notes on Equating Private and Social Cost," The Southern Economic Journal, 32 (1965), pp. 113-144. Burton Weisbrod notes that some people may be willing to purchase "options" to use public goods in the future, but they can only be forced to pay for the option through collective coercive arrangements. "Collective-Consumption Services of Individual Consumption Goods," p. 472. Margolis says that government action is necessary, but that voting through referenda won't help much since costs are more apparent than benefits; "The Structure of Government and Public Investment," American Economic Review, Papers and Proceedings, 54 (May, 1964), p. 239. Morton Kamien and Nancy Schwartz remind us that exclusion imposes costs as well; "Exclusion Costs and the Provision of Public Goods," Public Choice, 12 (Spring 1972), pp. 43-44. The question then becomes one of determining whether private or government provision entails lower exclusion costs. Whereas economists usually are only willing to provide public goods where preferences wouldn't otherwise be revealed, some of the people in this group are more willing to interfere with patterns of consumption, often to alter distribution patterns. See Peter Steiner, "Public Sector," p. 33.

such goods.³⁰ Their basic argument is that majority rule will lead to an overinvestment in public goods. By

³⁰Buchanan and Tullock, Calculus of Consent. Mancur Olson suggests that one reason for Buchanan's and Tullock's confidence in voluntary action is that they define externalities to include any case where potential profits are available through economies of scale; Review of Calculus of Consent in American Economic Review, 52 (1962), p. 1218. James Buchanan and M.Z. Kafoglis, "A Note on Public Goods Supply," American Economic Review, 53 (June, 1963), p. 413, argue that market organization doesn't necessarily lead to suboptimal supply in the first place, that collectivization may actually reduce the amount spent on such public goods as police protection. Elsewhere Buchanan stipulates that goods which are public because of the way in which they are produced are most efficiently provided by the government. Where the publicness is due to consumption, for example education, the voluntary sector can provide an efficient supply; Demand and Supply, pp. 65-72. Head and Shoup agree that market supply may be more optimal than government provision; "Public Goods," p. 569. McKean adds that we mustn't err in assuming government personnel are necessarily "public interest maximizers," that checks and balances are useful, and that there is an inherent tendency toward the expansion of government since individuals in government tend to protect and expand their domain. Ronald McKean, "Divergences Between Individual and Total Costs Within Government," American Economic Review, Papers and Proceedings, 54 (May, 1964), pp. 245-248.

One application of this discussion over an efficient supply of public goods, is in intergovernmental relations. The question is raised whether small homogeneous units, or larger metropolitan units can most efficiently supply public goods. Most economists writing in this area tend to favor the first alternative. For a summary of the arguments and the literature see Robert L. Bish, The Public Economy of Metropolitan Areas, (Chicago: Markham Publishing Co., 1971). Alan Williams says that with many local units too much public good will be produced in the aggregate; "The Optimal Provision of Public Goods in a System of Local Government," Journal of Political Economy, 74 (1966), p. 33. Other articles take exception to the generality of his model: Geoffrey Brennan, "The Optimal Provision of Public Goods: A Comment," Journal of Political Economy, 77 (1969), pp. 237-241; William C. Brainard and F. Trenery Dolbear, Jr., "The Possibility of Oversupply of Local 'Public' Goods: A Critical Note," Journal of Political Economy, 75 (1967), pp. 86-90.

"overinvestment" or "inefficient" they mean that majority decision would force each to invest in more goods than he would actually choose to pay as an individual.

To demonstrate the logic of their case, they give the example of 100 farmers who have to decide how much money to spend on repair of the roads in their community. For each expenditure on road repair, the adjacent farmers would benefit, but all would pay more in taxes. It is most likely, the authors assert, that a majority will follow a maximizing behavior pattern, and vote to keep up their 51 percent of the roads, and share the cost equally among all 100 farmers. "Since the maximizers count only the costs to themselves when they make voting decisions, the general standard of road maintenance on the roads of the maximizers will tend to be higher than it would be if there had to be unanimity. "The natural result would be that each road in the township would be maintained at a level considerably higher and at a greater expense than is rational from the individual standpoint of the farmers living along it. Each individual would be behaving quite rationally but the outcome would be irrational."³¹

In building their ideal model of the process of collective choice, these authors purposefully omit an

³¹Buchanan and Tullock, Calculus of Consent. pp. 138-139.

analysis of the incentives for individuals to engage in such action.³² Another economist, Mancur Olson, has developed a theory of collective action which implicitly says that we can only understand the process of producing public goods if we take individual incentives into account. It will be recalled that one of the problems generated by public goods is the fact that individuals are not likely to reveal their preferences for them. Olson's study relates the economic concept of public goods to an explanation of the conditions under which people engage in political action, or reveal what policies they want. Contrary to Buchanan and Tullock, Olson's logic leads to the conclusion that the government will under invest in public goods. He does this by looking at the conditions under which the public presses demands on the government. His core argument is that even where people perceive a policy or activity to be in their interest, they won't necessarily organize to work for it. They won't do so when such a policy has the characteristics of a public good--of being simultaneously in the interests of others.³³

Olson begins by assuming that individuals behave rationally, that is they want to get the most of their

³²Buchanan, Demand and Supply, p. 8.

³³Olson, Collective Action, p. 38.

resources to gain the optimal bundle of goods. In the political realm resources include more than money; they also include time, and energy. Every individual has a set of preferences for a variety of goods which include some which he can own or appropriate and are thus private, and also some which are available to everyone, and thus are public. Given that he is rational, he will not spend his resources to get benefits which are available to others, since he could free ride on others' efforts to gain them. Since everyone reasons the same way, little activity will be expended on goods which are available to many. The importance of Olson's argument is his contention that even when a person wants something, even when he perceives a policy to be in his interest, he won't work for it, if it is in other peoples' interests also.

In explaining why this is so, Olson relates this failure directly to the number of people affected by a policy. If that number is large, then individuals won't pursue a policy even if it is in their interest. At this point, his analysis overlaps with the initial problem we set out, since dispersed interests are by definition true of large, and often indeterminate groups of the public. As Olson explains it, he is essentially asking, "how the interests of a member of a group enjoying a

collective good will be affected by increases or decreases in the number of people who consume the good."³⁴

Why is size so important? Olson's argument comes through most clearly when he uses the analogy of the market under conditions of perfect competition.³⁵ Under

³⁴Olson, Collective Action, p. 38.

³⁵Actually Olson is not always consistent in his analogies, and explanations. He shifts back and forth between three levels: a market analogy, a mathematical model, and rational man behavior. In the first he develops the analogy of the market place under conditions of perfect competition. By definition, perfect competition requires that no single firm can influence the behavior of others. Each firm will operate to maximize its own profits, and the result is to reduce the profits of industry as a whole. The firms don't hold back, even though they would gain thereby, because their action wouldn't make any difference on the behavior of others. The major reason for their lack of efficacy is the size of the group--the larger the number of firms involved, the less likely is any single firm to influence the others. Since no firm expects to have any efficacy in changing the industry wide profit margin, it maximizes its own profit, even though if all acted otherwise, all would gain. pp. 9-12. Then Olson presents the same line of argument, using a mathematical model. pp. 22-33.

In both of these analogies, however, the public good is fixed in amount. The impact of this is that as the number of people affected increases, their share declines. But this only fits the definition of a pure public good. (See Riker and Ordeshook, Positive Political Theory, pp. 71-72, fn. 31.) Olson is ignoring cases where consumption by one person doesn't decrease the amount available to others.

Moving beyond the market and mathematical models, Olson presents the distinction between exclusive and inclusive goods. Inclusive goods are those where the joint benefit is not a fixed amount, and the results don't vary with the number benefiting from them. As a result, people don't mind others participating and sharing in these. Non-market, or political goods, are usually of this inclusive type. And thus one wonders why he so elaborately developed his earlier arguments solely around exclusive goods. As we shall see below, the crucial part of his argument relates to the size of a group, and size is relevant to inclusive groups, and less so to exclusive ones.

such conditions no one entrepreneur can influence the market price. In political terms this means that no one individual has any "efficacy" in influencing the provision of a public good. It is this idea of efficacy which is crucial to an understanding of Olson's analysis. People will pay a cost to attain a public good when the group is small because it is likely that their contribution will have some efficacy in eliciting the contribution of others. But in large groups their contribution will go unnoticed by others. In addition, as the size of the group increases, organization costs increase.³⁶ And where people have no efficacy in influencing others, they will "free ride" on others' contributions. We are left with both of the problems of providing public goods discussed above. It will be difficult to provide an efficient amount, one that people would find in their interests; and they won't reveal their preferences for such activity because they would involve them in working for something they think they could probably get anyway.

Does it follow that for Olson people never get involved in working for a public good? Obviously such an argument is not supported by the facts, and Olson does

³⁶Olson is somewhat ambivalent about this. In his summary he stresses that the costs of organizing increase with the number involved, (p. 48), but at another time he notes that in political markets, an increase in the size of the group may lower the costs to others (p. 37).

not draw this conclusion. Rather he says that such activity on behalf of public goods is a spillover from activity to gain "selective benefits."³⁷ A selective or private benefit is one you only get by working for it, and thus it is analogous to the economist's concept of goods which an individual can own or appropriate. An example would be an insurance benefit which only members of an organization receive. This is a selective benefit which an individual only gains by participating in a group, or by paying his dues. The lobbying activities of that same group, which in effect are public goods, are actually a byproduct of these special benefits. The American Medical Association for example, is composed of a large number of doctors, and it uses its large membership as a weapon in its lobbying efforts on behalf of legislation favorable to the medical profession. Such legislation is a public good for the doctors, it benefits doctors whether or not they belong to the organization. The logic of Olson's analysis, however, suggests that the doctors would not bother to belong to the Association, would not pay their dues, unless they also received benefits which are only available to members. And in fact, the AMA does offer a package of membership benefits such as insurance.³⁸

³⁷ Olson, Collective Action, p. 51.

³⁸ Olson, Collective Action, pp. 137-141.

Collective action to achieve public goods can also come about if people are coerced into that collective action. Olson says that such coercion is the explanation for labor union activity. Disputing the Marxist notion that workers join together to pursue their mutual self interest, Olson argues that history suggests otherwise. It was only when the closed shop was instituted that workers joined unions on any large scale. The lobbying activities of the large unions, which are public goods, are simply a byproduct of such coerced membership.³⁹

Other economic theorists have criticized Olson for deriving his free rider problem from the size of the group.⁴⁰ Since the size of the group is one way of focusing on dispersed interests, it is important to look more closely at this argument. Frolich and Oppenheimer develop a model which demonstrates that the crucial issue in determining whether collective action will occur, is a given individual's expectations about the probable contribution that others will make. If he expects that others will contribute, and that his own contribution could make the crucial difference, he will be motivated to do his share. Hence, the title of their article, "I Get By With A Little Help From My Friends."

³⁹ Ibid., pp. 66-97.

⁴⁰ Norman Frolich, Joe A. Oppenheimer, "I Get By With a Little Help From My Friends," World Politics, 23 (October, 1970), pp. 104-120.

The concern of these authors is to allow for instances when some exogenous factor, such as organizational leadership, increases the likelihood that others will contribute. If some device is present to make it more probable that the public good will be provided, then people will engage in collective action. It follows that the size of the group is not the key variable. Instead the crucial factor becomes whether or not individuals expect the good to be provided. In a longer work with Oran Young, these authors describe how leadership performs this function.⁴¹ On the one hand, it serves as a means to share costs among all the beneficiaries. On the other, it allows for coordinating expectations, or for strategic interaction. Each estimates the expected behavior of others, if others' contributions are likely then it is reasonable for him to contribute.⁴²

We can place this critique in perspective, however, by noting the distinction which Olson makes between "exclusive" and "inclusive" goods. "Exclusive" goods are public goods in that they don't allow for excluding non-participants from their benefits. At the same time, their amount is fixed, meaning that the share of each declines as the number benefiting increases. Individuals are therefore

⁴¹Norman Frolich, Joe Oppenheimer, Oran Young, Political Leadership and Collective Goods (Princeton: Princeton University Press, 1971).

⁴²Ibid., pp. 22, 24.

motivated to interact with each other, and to keep out any more beneficiaries. "Inclusive" goods, by contrast, are jointly provided and the usage by one doesn't decrease the share to others. In these, typical of most political goods, the kind of strategic interaction posited by Frolich, Oppenheimer and Young, will not occur.⁴³

Even more important, however, is the fact that Olson and his critics have different notions of efficacy. In the model of Frolich and Oppenheimer, an individual contributes when he sees his role having some efficacy in bringing about the result he wants. Olson, uses efficacy in a different sense. His notion of efficacy means influence on the contributions of others. Referring to organizations, he asks if an organization makes others' contributions more noticeable; if not, he says it won't have any impact.⁴⁴ It follows that the size of the group will be more noticeable in Olson's definition of efficacy, than in Frolich and Oppenheimer's.

We are left with two different hypotheses about the provision of public goods.⁴⁵ Frolich, Young and Oppenheimer suggest that people will participate in providing these when an organization or leadership is present to increase

⁴³ Olson, Collective Action, p. 51.

⁴⁴ Ibid., pp. 45-56, fn 67.

⁴⁵ Jeffrey Richelson, "A Note on Collective Goods and The Theory of Political Entrepreneurship," Public Choice, 16 (Fall, 1973), pp. 73-75.

a person's efficacy in accomplishing a result. Olson, however, says that the important variable in explaining collective action is social pressure, or the presence of some way for a person to influence the activities of others.

TABLE I

Differences Between Two Models of the Provision of Collective Goods

	<u>Mancur Olson</u>	<u>Frolich, Oppenheimer & Young</u>
Strategic Interaction	None in large groups with inclusive goods. (p. 43)	Possible, if leadership or organization exists to organize expectations and share costs. (p. 24)
Efficacy	Refers to influence on others. Therefore, none in large groups.	Refers to result of activity. Therefore possible under above conditions.
Cost Changes	As numbers increase, costs of organization increase.	As numbers increase cost sharing is possible, and explains the possibility of leadership or organizations

Referring back to our original problem of the kinds of demands which are articulated or placed on the political agenda, we see that Olson's presentation explains why special interests are far more salient than general ones. In fact, if we continue with Olson's concern for individual incentives we find that Buchanan and Tullock's projection that political decisions will lead to "too much" public good is relevant to private goods, and not to public goods.

We can clarify this last point by analyzing one of the examples these authors use to make their point about the viability of voluntary collective action. They describe the case of a factory owner whose chimneys are giving off smoke; the smoke in turn imposes a cost on the nearby residents. Their argument is that unless the residents are willing to get together and pay the owner to install smoke abatement equipment, it is not a relevant external cost that can be taken into account. "If no such compensation scheme is possible, the externality is only apparent, and not real."⁴⁶ However, we could also describe the future state of clean air as a public benefit, which would impose private costs on the factory owner. And as Olson tells us it isn't rational for people to invest any energy in collective activity to get that free air, much less pay for the smoke abatement equipment.⁴⁷ In addition it is also highly rational for the factory owner to invest considerable energy in lobbying against any legislation which would require him to install such equipment. The logic of this type of activity suggests that such public benefits will be scarce indeed.

⁴⁶ Buchanan and Tullock, Calculus of Consent, p. 91.

⁴⁷ Mancur Olson, Review of Calculus of Consent, by James Buchanan and Gordon Tullock, in American Economic Review, 52 (1962), pp. 1217-1218.

Where special interests are involved, then unanimity or voluntary collective action is appropriate. But where public commodities--be they "goods" or "bads"--are involved, we cannot assume individuals will act on their interests. We can expect the 100 farmers described by Buchanan and Tullock, who have to decide how much to spend on road repair to engage in a "calculus of consent." But as Olson suggests, we have no reason to suppose that with public goods or with polluting chimneys, people will think through such a calculus to begin with.

Anthony Downs is another economic theorist who is as concerned with individual incentives as Olson. Whereas Olson shows that individuals don't always pursue policies they perceive to be in their interest, Anthony Downs adds that they often won't find it worth their while to even find out what is in their interest. Downs is raising the problem that if individuals act rationally, they won't necessarily choose to pay the costs of learning about their interest in the first place. Or as Clem Tisdell puts it, even thinking about our preferences, and how to order them, requires considerable time and energy.⁴⁸ In

⁴⁸Clem Tisdell, "Some Bounds Upon the Pareto Optimality of Group Behavior," *Kyklos*, 19 (1966), p. 102. Zeckhauser adds the problem of knowing our future preferences, and talks about the necessity for the government to estimate "PIP's," "probable individual preferences." "Uncertainty and the Need for Collective Action," in Haveman and Margolis, p. 98.

a provocative article entitled "Why the Government Budget Is Too Small In a Democracy," Anthony Downs explores this problem of information, and the cost to an individual in time and energy to be an informed citizen.⁴⁹ He concludes that if a policy is going to provide an immediate and certain effect, people will find it worth while knowing about it, they will perceive its effects and will be concerned about it. On the other hand, if a policy has a remote and uncertain effect, citizens will not find it worth their while to inform themselves; they will probably not be particularly aware of it, and such a policy won't be too important to them as they decide which politicians to vote for.

The distinction between certain and uncertain, immediate and remote is integral in Downs' mind to the difference between benefits and costs. As he presents it, costs are almost always immediate and certain, and benefits are almost always remote and uncertain. As a result, political elites can always count on citizens being more aware of costs than of benefits. As policy makers propose policies in the hopes of being elected to office, or act on them in the hope of being reelected, they will always

⁴⁹World Politics, 12 (1960), pp. 541-563.

have more incentive to avoid having people pay taxes, than to provide people with benefits.⁵⁰

Downs thereby relates his explanation of peoples' demand patterns to government activity. He has more fully developed his analysis of the government in his earlier work, An Economic Theory of Democracy.⁵¹ In this latter study he assumes that the competing elites in an election are motivated, not by ideological reasons, but out of a desire to win. The result is that they try to ascertain the preferences of the people, and will offer a package of policies to earn the support of a majority. In this way, Downs concludes that in a democracy, even though politicians pursue their own self-interest, and act mainly in order to win, they are forced to respond to the dominant opinion among the electorate. Just as Adam Smith demonstrated that each entrepreneur acting in his own interests, contributes to a situation in which all benefit, Downs' politicians rather neatly serve majority interests as a byproduct of pursuing their own interests.

There are two important reservations to be made however. The first, as mentioned above, is that people are more aware of immediate and certain costs, than they are of remote and

⁵⁰Margolis uses a similar argument to argue that referenda will usually not be passed; Julius Margolis, "The Structure of Government and Public Investment," American Economic Review, Papers and Proceedings, 54 (May, 1964), p. 238.

⁵¹Anthony Downs, An Economic Theory of Democracy (New York: Harper and Row Publishers, 1957).

uncertain benefits. Whereas Olson was demonstrating that individuals don't always act in their own interests, Downs is saying that because of the costs of gaining information, they don't support policies which if they knew more, they would realize would be in their interest. "How can I say that one budget is 'better' or 'worse' than another except in terms of its vote-getting power? My answer is that the 'correct' budget is the one which would emerge from the democratic process if both citizens and parties had perfect information about both actual and potential policies."⁵²

The second reservation is also related to the effects of uncertainty, and is really the converse of the aforementioned characteristic of the electorate. Not only is there a lack of awareness by the general populace, but there are others who do find it rational to spend time and energy acquiring information. Special interests are motivated to inform themselves, both because they feel more intensely about their interests, and because they have more resources.⁵³ "In almost every policy area, those who stand the most to gain, are the men who earn their incomes

⁵²Downs, "Government Budget," p. 545. See also Economic Theory, pp. 77-95, 207-259, especially proposition 3, p. 239.

⁵³Downs, Economic Theory, pp. 92-93, 254-255. Compare Curry and Wade, Political Exchange, where they say costs and benefits are distributed in terms of resources and intensity of demand; See Chapter 2.

in one area but spend them in many; hence the area of earning is much more vital to them than any one area of spending. . . For all these reasons, producers are much more likely to become influencers than consumers."⁵⁴ And in a comment strikingly reminiscent of Schattschneider's conclusions about the formation of tariff policy, Downs notes the "failure of consumers-at-large to exercise any cogent influence over government decisions affecting them. For instance, legislators are notorious for writing tariff laws which favor a few producers in each field at the expense of thousands of consumers."⁵⁵

In our initial chapter we noted that some kinds of interests--what we called special interests--have much more impact on the political process than other interests--those which are general or dispersed. For example, producers organize readily while consumers do not. By drawing on an economic analysis of individual choice, both Olson and Downs are able to explain both why the producers are willing to spend the time and energy to press their demands on the government, and why the general populace is not. Having elaborated on this general theory, we will use it in our next chapter to develop a typology of the kinds of interests or demand which will reach the political agenda.

⁵⁴Downs, Economic Theory, p. 259.

⁵⁵Downs, Ibid., p. 255.

CHAPTER III

A MODEL OF POLITICAL ACTIVITY

The concepts developed by Olson and Downs can be used to form a model of political activity. Its purpose is to specify the kinds of interests which will be placed on the political agenda, and to clarify the role of special and dispersed interests. In this chapter we will first elaborate the model, and then operationalize its various dimensions. In the next one we will apply it to actual political events.

TABLE II

Model of Political Demands Based on
Private or Public Impact

	Private	Public
Cost	1. Activity against a private cost	2. Activity against a public cost
Benefit	3. Activity for a private benefit	4. Activity for a public benefit

According to Olson, people will not engage in activity in either category 2 or 4 of Table II because they could get a free ride if the activity were either defeated or provided. In addition, they would expect

that their own participation would have such little efficacy as to be useless. Looking at the model vertically, we can deduce from Downs that costs have a more intense impact on motivations. As a result we will hypothesize that while the major differentials will be between the private and public dimensions, there will also be somewhat more activity in response to costs, than on behalf of benefits.

A very similar model can be derived from Downs' discussion (see Table III). The only difference is that it replaces the dimension of private/public, with the immediacy and certainty of the impact.

TABLE III

Model of Political Demands, Based on
Immediate or Remote Impact

	<u>Immediate/Certain</u>	<u>Remote/Uncertain</u>
<u>Cost</u>	1. Activity against such a cost	2. Activity against such a cost
<u>Benefit</u>	3. Activity for such a benefit	4. Activity for such a benefit

Here the predictions follow obviously: There will be political activity where the costs or benefits are immediate and certain, and none where they are remote and uncertain. Also there will tend to be slightly more activity centered around costs than benefits.

Downs' argument is that information about costs is much cheaper than information on benefits. This follows since benefits tend to be remote in time, and uncertain in arriving, and costs tend to be immediate and certain. Downs was solely concerned with tax costs; there is some doubt that taxes are as "immediate and certain" as he claims, but relative to benefits he may be correct. However, drawing on his own references to tariffs and costs to the consumer, it is clear that costs can be dispersed so broadly that their impact is not discernible, or at least not worth the time to inform oneself about them.

It isn't necessary that immediacy and certainty go together, but we can say that either alone is sufficient to motivate people to work for it. It is also true that Downs was not referring to collective action, but merely to whether or not people were aware enough of policies to express their preferences to those running for office. However, if his predictions related to mere awareness of preferences, they would be even truer in respect to a person's willingness to act on them. Whereas Downs was talking about the cost of acquiring enough information to form an opinion, we are merely adding the cost of time and energy to act on it.

We can use these models for two purposes: First we can project what kinds of demands people will make; and secondly, what kinds of responses the government will provide. According to Downs, the latter concern, the response of the government, reflects the former, the demands of the public. It will be recalled that in the Downsian model the government is primarily motivated to win elections, and therefore it will respond to its perceptions of popular opinions and demands. If Downs' assumption is accepted, the above discussion about the kinds of demands which emerge from the public has a direct impact on the government's response. Recalling the conclusions about salient demands, we can project that if demands focus on private costs and benefits, so will government activity. This gives us the following model:

TABLE IV

Model of Government Response with
Private and Public Policies

	<u>Benefits</u>	
<u>Costs</u>	1. Private costs Private benefits	2. Private costs Public benefits
	3. Private benefits Public costs	4. Public costs Public benefits

Before elaborating on each type it is useful to explore the similarity of the models with one developed by Theodore Lowi. Lowi developed a classification of policies according to their impact on society; distributive, regulatory and redistributive.¹ This impact in turn, determined what kinds of demands and pressures were mobilized, and also what "arenas" of the government these demands acted upon. For example, distributive policy includes pork barrel bills, defense expenditures, and tariffs. These bills are easy to disaggregate, and "are policies in which the indulged and deprived, the loser

¹Lowi first developed his typology in a book review of American Business and Public Policy, by Raymond Bauer, Lewis A. Dexter, Ithiel de Sola Pool. In it he tried to explain the discrepancies between the book's findings that pressure groups were relatively powerless in foreign trade bills, and Schattschneider's earlier argument about the influence of pressure groups in setting tariffs. Schattschneider was correct in that in 1928 when he studied the tariff it was a distributive policy, and was handled in the congressional committees, where special interests have a great deal of access. By the 1950s, however, the tariff had become an instrument of foreign policy and thus was not a regulatory issue; hence the arena changed, and pressure groups were not so powerful. "American Business, Public Policy, Case Studies, and Political Theory," World Politics, 16 (July, 1964), pp. 677-715. In a more recent article, Lowi has further refined the classification, and added a fourth type-- constituent policy. "Four Systems of Policy, Politics, and Choice," Public Administration Review, 32 (1972), pp. 298-310. In a further refinement, Robert Salisbury has offered self-regulatory policy as a fourth type. "The Analysis of Public Policy," p. 158.

and recipient, need never come into direct confrontation."² Instead of direct confrontation or bargaining, the "recipients" gravitate to the congressional committees, and each demands his own piece of the pie.

The above typology on public goods is also concerned with the impact of a policy on the society. The major difference is that Lowi has developed an empirical classification based on "different ways of coercing,"³ while the present one is a deductive explanation of various structural responses which may or may not be coercive. And because it uses logic instead of empirical generalizations, it can incorporate those demand patterns, such as the second, where decision systems may fail to emerge. It can explain why "too little" may be done in some areas, as well as why "too much" may be done in others. In addition, Lowi does not include the policies that characterize the first category. These policies are distributive in one sense, but unlike Lowi's distributive category, the recipients and losers do meet, and can bargain and exchange so as to accommodate their varying interests. While it is therefore more inclusive than Lowi's typology, it glosses over one of Lowi's distinctions. The third category, private benefits and public costs, combined Lowi's distributive

²Lowi, "American Business," p. 695.

³Lowi, "Four Systems of Policy," p. 299.

and regulatory policies, and so is unable to deal with the important distinction which Lowi makes between them.

At this point we can explore each of the four types of political activity more closely, thinking through the kinds of demands and responses which will be made with each type of issue.

Private Costs, Private Benefits. Since both the benefits and the costs are private, both sides will be motivated to search for an efficient solution. The government's role will be a broker among competing interests.⁴ The externalities, or spillovers, from any of the policies have a private impact and so people are willing to invest energy in acting on their interests, and demanding some compensation.

In the last chapter we described Buchanan and Tullock's example of the 100 farmers who try to decide how much to spend on road repair. They argue that if the decision is made by majority rule the results won't be efficient. Their own solution is to have a decision rule as close to unanimity as is realistically feasible. Unanimity implies that everyone would have to agree on the final decision. Anyone who wanted more repairs on

⁴Compare the view of government presented by such group theorists as David Truman, The Governmental Process, p. 45.

his road than others did, would have to pay something to the others to gain their support. Our typology suggests that this solution is appropriate to the extent that the benefits and costs are private and immediate. And such an impact is preeminently true of the roads in this example.

Buchanan and Tullock try to make the case that their solution is more generally applicable, that it fits policies which would fall into our third type. They write that, "any governmental activity which benefits specific individuals or groups in a discriminatory fashion and which is financed from general taxation, would fit our model well."⁵ Then they add, "the minimum necessary condition is that the benefits from the public activity be significantly more concentrated or localized than the costs."⁶ Thus they are trying to argue that unanimity fits our category of private benefits and public costs, but the logic of public goods says that in order for an efficient solution to be reached, both the benefits and costs must be private.

Buchanan and Tullock also note that logrolling is an alternative to unanimous voting rules. Logrolling is

⁵Buchanan and Tullock, Calculus of Consent, p. 143.

⁶Ibid., p. 144.

essentially a way to operationalize intensity of preferences. If logrolling is permitted then I can make concessions on issues I care little about, in order to gain support for issues I feel strongly about.⁷ The theory of public goods, however, suggests that only where concentrated or private goods are involved will people act on the "intensity" of their demands. And so our model posits once again that only where both costs and benefits are private, can we rely on logrolling and intensity to arrive at an efficient solution.

Private Costs, and Public Benefits. Where policies have this combined impact, we can expect considerable controversy and opposition by those who are opposed to them. The government, therefore, finds it difficult to exact such costs, especially since there is little compensating pressure on behalf of the public benefits.

⁷One of the more interesting debates in the economic literature is between those who argue that logrolling can solve the Arrow paradox, and those who say it cannot. Two authors, besides Buchanan and Tullock who make the former point are James Coleman, "The Possibility of a Social Welfare Function," American Economic Review, 56 (1966), pp. 1105-1122; and Y.K. Ng, "The Possibility of a Paretian Liberal: Impossibility Theorems and Cardinal Utility," Journal of Political Economy 79 (Nov./Dec., 1971), pp. 1397-1402. David Koehler, however, has demonstrated that if the conditions for vote-trading are present, you have the logical equivalence of the Arrow paradox, and can expect a "never-ending series of trades, broken agreements, and legislative uncertainty. . .", "Vote-Trading and the Voting Paradox: A Proof of Logical Equivalence," American Political Science Review, forthcoming.

In such cases the government is disposed not to act.⁸

We can also deduce some of the probable dynamics, or changes over time, which might occur with policies in this category. Political elites might easily promise public benefits in campaign rhetoric, when they need to gain the attention of a broad spectrum of the citizens. Then after the election, those who would suffer the private costs are motivated to organize and pressure

⁸The logic of this type differs from a somewhat similar argument which recurs in the economics literature. Mancur Olson has written that in a democracy, "public squalor" is apt to result from the voting process. This is in contrast to the argument by Buchanan and Tullock made above, that majority decisions lead to over-investment in public goods. Olson's reasoning runs that in many instances a referendum will be presented for a public good expenditure. Often it will be defeated because more people perceive they will have to pay a cost, than people perceive they will receive a benefit. At this point, the analogy is very close to Downs' concern that benefits are discounted, and costs appear immediate. At the same time, says Olson, if we weight the votes by how much each pays, and how much each benefits, we find the amount of benefit to exceed the amount of cost. But it is the majority which opposes the cost which is determinative of the result rather than the few, even though they represent a larger amount of gain which would result if the project were approved. "Discussion," American Economic Review, Papers and Proceedings, 54 (May, 1964), pp. 250-257. If the benefits and costs were specific, our model would suggest that the resulting "public squalor" would be an instance of our type one issues, and could be dealt with by logrolling. Otherwise, the solution is not apparent.

the government to allay these costs. This is exactly the procedure which Murray Edelman tells us typifies the activity of regulatory agencies. At election time the public is repeatedly assured that utilities, for example, will be watched closely and effectively regulated. Once the election is over, the scene shifts to the regulatory agencies, and the government accedes to a system in which the watch dogs protect the interests of the well organized and highly motivated utilities.⁹

What would be the probable course of action for elites who nevertheless wanted to fulfill their campaign promises, or were concerned about providing some public or remote benefits? In order to generate support they might add specific benefits, or use the media to lower the information costs, and thus make the benefits appear certain and immediate. Either of these actions would move the policy out of this category. At the same time they may try to compensate those who would pay the private costs.

It is important to emphasize that these characteristics are not intrinsic to any policy, but depend upon what aspect of a policy gains public attention. For example, the energy shortage has been in the making

⁹Edelman, Symbolic Uses, pp. 22-43.

for many years. The point is not that the government wasn't perceptive to anticipate it. The real problem is that there was no payoff to anyone to devote any energy to work at the problem, or to incur any costs in dealing with it. It was only when the Arab oil embargo made the costs certain and immediate that the public at large began to perceive that developing new forms of energy would provide a specific and immediate benefit to them.

Public Costs and Private Benefits. Policies of this type fall into two groups. The first can be described as pork barrel policies in which the government dispenses favors to special interests. The models of Downs and Olson tell us that a major problem is that people either don't perceive these costs because they are remote, or they won't spend any energy avoiding them because they are public or dispersed. The costs are dispersed so widely, often in the form of nickels and dimes, that there is no perception of them. Schattschneider's tariffs are a case in point. The result is that the government is induced to overproduce policies of this type, precisely because they gain them support from special interests, and yet don't generate opposition. In all of these cases the shoe manufacturer, or special interest, is not worse off on balance because many industries have tariffs.

Clearly, he has a net benefit. This is the classic case of the special interest which exacts a cost against widely dispersed ones.

In the other type of "private benefit, public cost" issue, the problem is somewhat more complex. The same person finds that his private interest does not coincide with what is in his interest when everyone acts. Adam Smith's "invisible hand" doesn't work. Garrett Hardin describes this problem as the "tragedy of the commons." For example, each individual consumes the environment for his own use, and yet the resulting overconsumption means that everyone loses in the end. He cites a case from British history when farmers grazed their sheep on land common to all in the community. Each herder always found it to his advantage to add one more sheep because his benefit would be close to +1, while his share of the loss from the overuse of the commons would be a minute fraction of -1. Since each herder would make the same calculus, they all would lose in the end. Hardin continues that a modern version of the "commons tragedy" is population growth. Each family decides to have a child in terms of the benefits to itself. The benefit is clear, but the environmental costs are so fractional they don't enter into the calculus. So each maximizes his own gain, and

the result in many areas of the world is such overpopulation that everyone loses.¹⁰

Buchanan offers another interesting example. He demonstrates that if you provide a public good, you are essentially coercing people to forego their private interests to share in its cost. That is to say, you tax them to pay for it. By taking something from each person, you provide them with a public good they desire. But this result is inherently unstable. No individual is motivated, because of the free rider problem, to maintain or protect this good--and any may be motivated to misuse it. For example, we are taxed to pay for a park which means we forego private resources to pay for something we want. But then people are motivated to use the park beyond its capacity and we end up with overcrowding--a public bad.¹¹

¹⁰Garrett Hardin, "The Tragedy of the Commons," Science, 162 (October-December, 1968), pp. 1243-1248.

¹¹William Riker and Steven Brams offer another example of a "tragedy of the commons." They show that in a legislature, when people engage in vote-trading, everyone loses. Trading is immediately advantageous to the traders, but when all do it, everyone is worse off. The resultant vote-trading paradox occurs because each loses more when he loses, than he gains when he gains. Riker says that his model is similar to Schattschneider's discussion of tariff formation, but the argument below will suggest that "tragedy of the commons" bills are not the same as "pork barrel bills." "The Paradox of Vote Trading," American Political Science Review, 67 (December 1973), pp. 1235-1247. Further examples include the well known "Prisoner's Dilemma" Game, Riker and Ordeshook,

This distinction between "pork barrel" bills and "tragedy of the commons" bills is useful in that each calls for different remedies. To see this we can distinguish between two types of coercion: redistributive coercion, and coercion designed to make everyone better off.¹² Where special interests are gaining benefits at the expense of everyone, the government could only deal with the problem by engaging in "redistributive coercion." But in the second case, coercion, or regulation, really serves to make the short run and long run interests of the individual coincide. Individuals find they will gain in the long run by restricting themselves, but only if everyone else is similarly restricted.

The justification of political authority offered by Thomas Hobbes exemplifies this second type of coercion. Hobbes' state of nature was essentially a situation in which each person pursued his private interests. At the same time everyone bore a public cost in that there was

Positive Political Theory, pp. 223-225; and a study of political corruption, in which politicians engage in corruption to seek private gains, and all lose thereby, Brian Loveman, "The Logic of Political Corruption," (Bloomington, Indiana: Indiana University, Department of Political Science, n.d.)

¹²Mancur Olson discusses several kinds of coercion, but he distinguishes between democratic and dictatorial coercion; both of our forms are consistent with majority, or democratic decisions. Mancur Olson, Collective Action, p. 93.

no limit on private activity and so no one was secure. The public cost, more simply, was that life was "solitary, poore, nasty, brutish and short."¹³ Olson and Downs would both question whether it would be rational for Hobbesian man to realize or to act on his long term interests.¹⁴

Public Costs and Public Benefits. In terms of our model, the results of this type are indeterminate. Elites do not have to worry about special interests, and so they will respond to signals they get from the public about its preferences. According to both Downs and Olson, these will be weak indeed, and so it is presumed that few such issues will be enacted.

¹³Thomas Hobbes, *Leviathan* (New York: Washington Square Press, Simon and Schuster, Inc., 1964), p. 85. David Hume offered a similar rationale for government, in which individuals must be coerced to do their share in cooperative enterprises, A Treatise of Human Nature, quoted in Olson, Collective Action, pp. 33-34.

¹⁴A similar doubt for other reasons is raised by Paul F. Kress, "The Web and the Tree: Metaphors of Reason and Values," Midwest Journal of Political Science, 13 (August, 1969), p. 404. Buchanan reminds us that the public good of regulation imposes the public "bad" of a loss of freedom; James Buchanan, "Public Goods," p. 60. Recent studies suggest that as the United States enters a period marked by many scarcities, the "tragedy of the commons" will have an increasing relevance, and the end result will be a significant curtailment of individual freedom, and even of democratic institutions. William Ophuls, "The Scarcity Society," Harper's, 248 (April, 1974), pp. 47-52, and Robert Heilbroner, An Inquiry Into the Human Prospect (New York: W.W. Norton and Co., 1974).

Summarizing these arguments yields the following predictions about the kinds of demands and government action which will result. The model is based on a dimension of private and public goods, but the same predictions would hold if we substituted Downs' categories of remote and immediate policies. (See Table V.)

Operationalizing Private and Public. Thus far we have assumed that "special" interests and "private" interests are the same. However, this is not quite consistent with Olson's own usage of "private." He relates private benefits to the results of belonging to a group. Membership confers certain privileges or tangible goods which are not available to those outside of an organization, and these are "private" benefits for Olson. If possible however, it is desirable to develop a broader definition so that we can explain political activity in general, rather than group membership alone.

A related problem arises because according to Olson the benefits which accrue to what are traditionally thought of as special interests, are really public goods. Unions are a special interest in traditional political parlance, and yet the interests of workers are public or general to all of them. Whereas Schattschneider would consider industry a special interest, Olson would say that gaining tariff concessions is a benefit public to

TABLE V

Political Demands and Government Actions
On
Private and Public Policies

<u>Private Costs</u>	<u>Private Benefits</u>	<u>Public Benefits</u>
1. Both those who benefit and those who pay will organize for their interests. Government action will take the form of adjusting costs and benefits, and will be fairly efficient.	2. There will be little pressure exerted on behalf of these benefits, and much pressure against costs. Government, therefore, will have little motive to undertake activity in this area.	
3. There will be demands for private benefits, but none protesting public costs. As a result, most government policy will fall here, but since the costs aren't perceived, there will be little controversy.	4. An indeterminate amount of political demands and of government activity will fall here, because the opposition is as dispersed as the support.	

many businesses. Only if there were a few firms in the industry, would each expect its activity to have an influence on others, and thus have efficacy.

Olson is not very precise about the point at which a "small group" ceases to be small. In order to clarify this, and generalize his theory, we can refer to different degrees of "public goods". Above we noted that a public good has two characteristics: it is jointly supplied and those who don't contribute to it, can't be excluded from using it. We also noted there are degrees of joint supply and exclusion. At some point is joint supply limited enough that people perceive a public good to be a private one? At some point does enough exclusion take place that a good seems private? In asking these questions, we are not describing the intrinsic nature of any political activity, but rather referring to how people perceive it. How individuals define a problem determines whether they are motivated to work for it or not.

Various authors have addressed themselves to the problem of degrees of publicness. Robert Bish talks about whether or not a good is "equally available," its accessibility.¹⁵ Most commonly equal availability means

¹⁵Bish, Public Economy, p. 26.

spatial relations, but it may also refer to whether or not one has the resources to use a good. A freeway is a public good, but it is also more available to those who live near it, and to those who own cars. Auster and Silver provide a broad definition of a public good, which they say allows for varying degrees of proximity.¹⁶

Brian Barry suggests the notion of "assignable." On the one hand, he says there are "public interests," those interests which each person has insofar as he is a member of the public. In contrast, there are assignable interests which are specific to some.¹⁷

While all these terms have some usefulness, it is also true that they beg Olson's question. Olson is explaining why people don't work for a benefit even when it is in their interest, even when it is "proximate," or "assignable," to them. Olson after all was trying to dispose of the notion that a "latent group" will pursue its interests when these are adversely affected. And a latent group is really one where certain interests can be "assigned" to it. Even where interests can be so assigned, Olson is saying individuals will not work on their behalf if they affect a sizeable enough group.

¹⁶Richard Auster and Morris Silver, "Collective Goods and Collective Decision Mechanisms," Public Choice, 14 (Spring, 1973), pp. 1-17.

¹⁷Barry, Political Argument, pp. 191-192.

The best way to distinguish between a "private" and "public" good is to pick up Olson's concern with efficacy. We can say that a good is "private," or "not equally available" or "assignable" if two things are true. First, the good in question has such a specific impact that those who see it to be in their interest would never expect others to work for it. This limited impact can occur either because the supply is only partly "joint" or because some exclusion takes place. For example, if a specific block is being torn down to make way for a highway, this is technically a public commodity in that it affects everyone in the town or city. However, its impact is sufficiently concentrated on the immediate residents that they would never expect those across town to work for it. They would never expect to get a free ride from someone else's actions.

Secondly, the people immediately affected share some common circumstances, so that each would expect his activity to have an influence on his neighbors. Such a common pattern would be true of people in a single neighborhood for example. Where the potential for interaction exists naturally, the probability of social pressure exists, and the dynamics of Olson's small group behavior begin to operate.

Where Olson limited private or selective benefits to those which accrue from membership in a group, we can generalize his study somewhat by expanding the meaning of "private." Thus we will operationalize "private," as "differential" in impact. The words which best capture this meaning are "dispersed" and "concentrated." Even if certain policies are "public" in the sense of affecting a large number, those which are concentrated in their impact are called private and those which are dispersed are called public. It follows from Olson's model that people will not engage in collective action unless the benefits are concentrated. Where they are dispersed over large numbers, little will be done on their behalf.

To clarify this further, we can take the example of a sewage plant. To the extent that its intent is to alter air and water pollution, its impact is fairly widely dispersed, and is thus a "public good." To the extent that an expansion of the plant alters the real estate values in the immediate vicinity, it is a private commodity to these residents. Technically, it is a public good in that the real estate values indirectly affect everyone through changes in the tax base, but in practice residents wouldn't rationally expect others to notice it as much as they would. It is also private to them because they

would expect their participation to have considerable efficacy in arousing their neighbors to work for it.

It is clear that some activities are both private and public. When this is true, Olson's logic dictates that the issue should be coded as having a private impact. As long as its effect is concentrated, this alone is sufficient to motivate me to activity. If I am protesting that my home is to be torn down for a highway, I may be concerned either about losing my home, a private cost, or about adding to the pollution in the area, a public cost. As long as I am concerned about the former, about my home, then I am motivated to act, and the activity on behalf of preventing pollution is a spillover from my private concern.

Operationalizing Benefits and Costs. It quickly becomes apparent that defining costs and benefits may be a very arbitrary exercise, that "one man's cost may be another man's benefit." In an interesting addition to the literature on public goods, James Buchanan describes how the provision of such a public good may simultaneously result in a "public bad" insofar as it entails a loss of freedom or a restriction of alternatives. He says that if a law prevents us "from discharging pollutants into the atmosphere," we may be tempted to call the outcome

a public good. "However, what is overlooked in this facile extension is the necessary presence of private bads in the extreme no-pollution pattern of rights. Individuals are, or may be, prohibited from behaving in ways that they, independently and voluntarily, value more highly than that which the collectively imposed anti-pollution rules require."¹⁸

It is important, therefore to attempt to define costs. In a seminal work on the meaning of costs in political organizations, James Buchanan and Gordon Tullock describe two kinds of political costs. The first are the organizational costs of arriving at a decision, the time and energy spent negotiating with others, and acquiring the necessary information to make a decision. The second kind of cost is the cost of having to live with, or pay for, a policy you don't support. Since many political actions are public goods, even those who are opposed to them, will have to endure them and also pay for them. The conclusion of these authors is that an ideal decision rule is one which minimizes both of these kinds of costs.¹⁹

¹⁸Buchanan, "Public Goods," p. 60.

¹⁹James Buchanan and Gordon Tullock, Calculus of Consent: Logical Foundations of Constitutional Democracy (Ann Arbor: University of Michigan Press, 1965) pp. 43-116.

Douglas Rae, however, raises an important issue. There is another kind of cost, that of not getting policies that you want to have enacted.²⁰ If this kind of cost is included in your reasoning, it becomes clear that a decision rule which minimized both of the first two kinds of costs, might also be costly because it would decrease the probability of getting legislation you like. And so a decision rule which minimizes the cost of having an undesirable action taken by political bodies, increases the cost of failing to get through legislation you desire.

The relevance of what we can call "Rae's costs" to our problem is indirect but real. If Olson is right that public benefits are short changed, and if Downs is right that remote and uncertain benefits are underrated, then the failure of these to be enacted would be one of "Rae's costs." These are policies which people either perceive to be in their interest, or would so perceive if they had more information. At the same time they are difficult to work into the political process. They therefore, fit Rae's description of policies which we want, but aren't passed, and by this definition their failure to be enacted is a cost. Rae's conclusion is that we must so work out our decision rules, that we

²⁰Douglas Rae, "Decision-Rules and Individual Values in Constitutional Choice," American Political Science Review, 63 (1969), pp. 40-56.

minimize this cost as well as minimize the two kinds of cost which Buchanan and Tullock emphasize.²¹

For the moment, however, we can limit our notion of cost to the two meanings covered by Buchanan and Tullock, the cost of working for something, and the cost of paying for a policy you don't want passed. And as we said above about "private" and "public," we are not talking about the intrinsic nature of any activity or policy, but about how a policy is perceived by those affected by it. As Buchanan specifies, "Until and unless the evaluating and/or choosing agent is specified, goods and bads have little or no meaning."²² If I protest a home for the elderly, a benefit for the elderly is clearly involved. But my protest originates because I see it as a cost to me. Our concern at this point is to ask what perceptions motivate people, what do they see as public and private, or as costs and benefits. Having defined these strictly in behavioral terms, we can return later to ask how useful such definitions have been.

²¹Buchanan and Tullock omit Rae's notion of cost very deliberately. In a footnote they say, "Our costs approach is related to the negative version of the utilitarian principle," and refer the reader to a study by Ludwig Von Mises, "a general economic treatise that consistently employs the conception of the minimization of dissatisfaction rather than the maximization of satisfaction." Calculus of Consent, p. 345, fn. 2.

²²Buchanan, "Public Goods," p. 51.

CHAPTER IV

POLITICAL ACTIVITY IN MONTGOMERY COUNTRY, MARYLAND

Economic models are more noted for their heuristic uses than as guides for empirical research. It is not always clear how to move from axiomatic generalities to the intricacies of human behavior. In this chapter we will use the concepts developed and operationalized in the preceding one to see how well they explain political events. We will first apply the model to predict the kinds of issues that citizens try to place on the political agenda. We will draw on Olson's and Downs' dimensions in turn, to see which is better able to predict what demands emerge. Secondly, we will use the model to predict the kinds of responses which the government will make. Which kinds of demands are most apt to elicit a response?

Various studies have suggested that the middle class acts out of a different set of motives than other classes, and that "rational self interest" is not characteristic of this group. In one of the more cited, and yet imprecise, formulations of this, Edward Banfield and James Wilson say that the middle class are more apt

to be motivated by "public-regarding" norms than certain ethnic groups.¹ Brian Barry has also said that whereas the economic models assume that information gathering and participation are a cost, the middle class does not necessarily perceive such activity as costly.² Therefore, in order to explore the accuracy of the above models, it seemed appropriate to look at a middle class suburban area. We have chosen to focus on Montgomery County, to the north of Washington, D.C.³

Two problems are worth raising: The first is whether the community is so homogenous that there are not enough cleavages to generate any protest or demand. Compared to large urban centers, it is true that in Montgomery County there are not the sharp divisions among the populace which generate conflict elsewhere. There are, however, about thirty pockets of poverty scattered

¹"Public Regardingness as a Value Premise in Voting Behavior," American Political Science Review, 58 (December, 1964), pp. 876-887.

²Brian Barry, Sociologists, Economists and Democracy, (London: Collier-MacMillan Limited, 1970), p. 178.

³According to the 1970 U.S. Census, 78 percent of the County's residents, who are employed are white collar workers; 56.2 percent of the families earn \$15,000 or more per year; and \$16,710 is the median family income. U.S. Bureau of the Census, Census of the Population: 1970, General Social and Economic Characteristics, Final Report PC (1) - C22, Maryland, Table 43.

throughout the County. More to the point is the vivid awareness that the problems of the District of Columbia are ready to spill over into the County, and this fear of crime and overcrowding, to mention only two, generate a variety of responses. In addition, land-use always generates conflict, irrespective of the extent of homogeneity. This tendency is particularly true in an area where there is intense pressure on the land because of its proximity to a major city, in this case Washington, D.C.

The second problem concerns the upper middle class nature of the community. One might argue that if indeed there is popular demand for public benefits, or for remote and uncertain benefits, this is a function of the high income of the residents. Or as an economist would put it, the marginal propensity to consume increases with income. Without resolving whether or not this is true in fact, the question is not really relevant. Our study is not focusing on the size of the public sector, so much as it is looking at the allocation of benefits within that sector. Whatever the size of the pie, do the demands come from special interests or dispersed ones?

The data are taken from reports of political activity in a major County newspaper, the Rockville Sentinel. The time span goes from January through June 1972. Every report of a group or individual making a protest or presenting

a demand was recorded, as well as government actions. There is reason to question whether local papers are totally sympathetic in reporting demands on elites. But this bias is probably reflected in the tenor in which they are reported, rather than in being omitted altogether.⁴ It is also true that newspapers are in business to sell copies and one way to accomplish this is to get the names of citizens in the paper. In addition, as a rough indicator of this particular paper's openness to criticism of elites, I tallied the editorials for the six-month period, to determine what proportion of them were critical of local elites. Of 56 editorials, less than one fourth supported elite policy. The remainder either pressed demands on elites, or criticized them, suggesting that the Sentinel was at least open to demands made on elites.

There is a more serious limitation with newspaper data in terms of the specific model. It clearly will under-report incidences centered around private benefits. Such demands are more apt to be made in private phone conversations, or over lunch, than in the glare of the

⁴One study of the role of the media concludes that due to their professional norms, journalists tend to impose a rationality on what are often very chaotic and irrational official proceedings. David L. Paletz, Peggy Reichert, and Barbara McIntyre, "How the Media Support Local Government Authority," Public Opinion Quarterly, 35 (Spring 1971), pp. 80-92.

media. They are also more apt to be responded to administratively, and thus not generate publicity. In addition, some of the events are far more important, or involve more people, than others. For both of these reasons, there is no presumption that the absolute numbers in each category have any meaning or that the numbers are comparable in any way.

Newspaper data is still relevant to the model, however. For the model predicts that no public goods will be demanded or provided, and it is specifically these kinds of "goods" which will be reported in a newspaper, to the extent that they are public issues at all. Newspapers are also a generally useful source of political data. They are readily available, and provide a broader scope of activity, than can usually be generated by the researcher himself.

Public Demands

How does one code the newspaper data? When we talk about public demands we are coding them from the point of view of the group pressing its concerns. An event is seen as private if a person feels that he would be so specifically affected by it, that even though others would be indirectly affected, he wouldn't expect them to react. In effect this stipulation usually means that a person is concerned about some immediate neighborhood problem. Or it

TABLE VI

Number of Demands on the Government For Private or Public Goods
January through June 1972*

<u>1. Action Against a Private Cost-37</u>	<u>2. Action Against a Public Cost-21</u>
By land owners-21	Over environmental issues-10
By commercial interests-6	Over educational issues-4
Over convenience issues-5	Over Vietnam bombing-4
By school parents-4	Other ethical issues-2
By consumers-1	Over historical preservation-1
<u>3. Action For a Private Benefit-9</u>	<u>4. Action For a Public Benefit-24</u>
By land owners-3	Welfare and health issues-8
Over educational issues-3	Housing and transportation issues-6
By commercial interests-2	Environment and planning issues-5
By firemen-1	Education-2
	Civil rights-2
	Good government-1

*Source: Rockville Sentinel

could involve a ruling which applied to some specific group of people or businesses. In all cases those affected are small enough in number, that any participant would feel his participation would be crucial, and would have an impact on getting others to participate.

The results of the coding are contained in Table VI.

Action Against a Private Cost. By far the largest group of these 37 instances involved property issues. Property owners were concerned with projected changes in the neighborhood which would affect their homes, either in terms of enjoyment or in terms of lowering property values. There were several cases of residents protesting plans to build a half-way house for drug addicts in their neighborhood. There were also frequent protests against zoning plans which would increase the density of adjacent property. Another frequent protest came from parents who were against changes in educational boundaries, that would increase crowding at their local schools. Commercial and business interests opposed actions they felt were unfair, most notably a ban on new building until Montgomery County could increase its capacity to deal with sewage. A final cluster of protests related to what can be called convenience issues, such as protests about changes in trash pick-ups, and over a neighbor's dog.

Action Against a Public Cost. Most of the issues fitting in this category related to the environment. One particularly lively public debate centered around the proposed building of a cross-county freeway, the Rockville Freeway. The road would tear down approximately 100 homes, but residents of these houses were not particularly opposed to the road. Presumably they felt they would gain from the payments that would be made to them. Instead an active and highly vocal protest was engaged in by other county residents. They argued that the highway would increase pollution and congestion, a dispersed, rather than a selective result.

Montgomery County also had its share of dilemmas created by the conflict between environmental and public utility needs. During this period, the County was desperately looking for ways to deal with sewage, but most of its projected plans elicited the opposition of anti-pollution groups. Another concern which emerged at several points during the six months, was an opposition to growth by many in the County. "Growth" is a particularly interesting public concern. On the one hand it evokes sentiments on behalf of the environment, and lack of congestion; on the other, it implies that there will be no room for blacks or low income groups in general.

Action For a Private Benefit. As mentioned above, newspapers are biased against reporting data on private benefits. In zoning requests, for example, the one who would receive the benefit is more likely to press his case within the bureaucracy, than in the light of publicity. Further, such cases don't receive public coverage unless they generate opposition. Of those which did surface, property and educational issues predominated.

Action For a Public Benefit. In this category, a variety of issues drew attention, with a preponderance centering around welfare, housing, and environmental issues. A major activity focused on getting legislation which would make it mandatory for builders to set aside a certain proportion of development for low and moderate income housing. During this period the bill, known as the Moderate Priced Dwelling Unit Act (MPDU), elicited substantial public support. There were also instances of groups pushing for child-welfare supports, for homes for retarded people in the County, and aid for alcoholics.

Two other characteristics of events in this category are worth noting. The first is that in only one instance would the benefit impose a cost on the proponents. In this single instance, a neighborhood group had gotten together and decided that they were willing to have a half-way house for drug addicts in their community. In

all other cases the only cost to the citizens was the time and energy spent engaging in the demand.

A second feature of this activity demanding public benefits is the role played by organizations. In almost every case of protest action against public costs, the action was made by ad hoc groups, formed around a particular issue, rather than by organizations seeking out issues to maintain themselves. By contrast, eighteen of the twenty-four cases of positive action were made by existing organizations. Frolich, Oppenheimer and Young stress the role that organizations may play in facilitating collective action.⁵ The evidence here suggests that a condition which generates protest may encourage strategic interaction and cost sharing more readily than positive activity. Or, to put it another way, costs are more salient than benefits. Once formed on the basis of discontent, however, an organization may subsequently choose to get involved in positive action.⁶

It might seem that such organizational activity is consistent with Olson's argument, that if a group increases a person's efficacy, he would be rational to get involved

⁵Political Leadership. See above, Chapter II.

⁶Ibid, p. 54. The authors specify that once an organization has formed the initial fixed costs are paid, and additional activity is not as costly.

in it. On closer inspection, however, there is no such consistency, for the possibility of a "free ride" is still present. This point comes out in Olson's discussion of the rise of labor unions in the United States. He says that workers only joined these organizations because private benefits were instituted, and not because they increased the efficacy of the workers. Since Olson insists that it was not rational for workers to join unions just to lobby for industry wide benefits, so he would insist that it would not be rational for citizens to support a group such as Maryland Fair Housing (SMFH) unless there were tangible membership benefits. Since this was not the case with SMFH or any other of the organizations involved, it must be tentatively concluded at this point that such activity was not consistent with Olson's predictions.

Using the same data to explore the second set of predictions based on Anthony Downs' categories, it turns out that while some examples move to different categories, the net result is about the same as the model based on Olson's variables. (The figures in parentheses are from Table VI which used the private/public dimension.)

TABLE VII

Number of Demands on the Government For
Immediate or Remote Results
January through June 1972*

1. Activity Against Immediate/Certain Costs 41	(37)	2. Activity Against Remote/Uncertain Costs 17	(21)
3. Activity For an Immediate/Certain Benefit 11	(9)	Activity For a Remote/Uncertain Benefit 22	(24)

*Source: Rockville Sentinel

Activity Against Costs. Most of the protests which were over private costs, were also immediate, and those which were public were also remote. One exception was that the activity against highway pollution, a public cost, was nevertheless, immediate and certain. People are vividly aware that roads bring cars and fumes. Olson would predict a minimum of such activity since it involves a policy which would affect the community broadly. Downs, however, would suggest that people would mobilize against it, since its results would be so certain. Other public costs, however, continue to remain in the second category, since growth policies, and air pollution, are not as certain or immediate in their impact as highway costs. A

second issue which changed its classification, was the protest over bus fare hikes. In Olson's model this was clearly a public cost which would affect a large segment of the community; using Downs' categories, however, it becomes an immediate and certain cost to the bus fare users.

Activity For Benefits. Several issues which were public benefits for Olson, are more easily explained by seeing them as immediate and certain benefits in Downs' model. For example, a number of County citizens pressed hard to get the government to renew an area known as Toby Town, a small ghetto in the midst of the County. Since it was outsiders, rather than the Toby Town citizens, who spurred the pressure, this action is coded as a public activity. But it is also one that would have an immediate and certain result, in that a specific cluster of homes would be renovated. Conversely, a few instances which are private benefits for Olson, are at the same time, remote and uncertain. For example, a Spanish group asked the School Board to take action to increase public understanding of the needs of Spanish groups. Since this was a benefit which Spanish-Americans wouldn't presume others would undertake, they wouldn't anticipate getting a "free ride" on others' activity, and so it is coded as a private benefit. At the same time, the benefits from such activity

are very remote, and uncertain; if it were undertaken, no one could be sure that it would have much effect on public sentiment.⁷

Thus far we have found that while the preponderance of public activity is in opposition to private or immediate costs, there is also considerable effort spent on protests and demands where the issue in question is either public or uncertain. While Downs' model is able to make more accurate predictions than Olson's, the difference is minimal. Olson and Downs can both explain the opposition to specific and certain costs, but neither can predict or explain the activity over dispersed or remote concerns. Olson might counter our conclusion by saying that all of this latter activity is actually a disguise--albeit a symbolic disguise--for action against private costs and for private benefits. In other words, what we are coding as instances of types two and four would actually belong

⁷Robert Salisbury suggests that political scientists explore whether policies which appear to impose short run costs, actually impose long run benefits. "The Analysis of Public Policy: A Search For Theories and Roles," in Political Science and Public Policy, ed. by Austin Ranney (Chicago: Markham Publishing Co., 1968), pp. 162-63. Actually this task is already the nature of daily politics. Governmental elites and political entrepreneurs are constantly engaged in trying to convince the public that a certain policy is needed, or would be too dangerous, over the long haul. Politics, in effect, becomes a dialogue over different perceptions of costs and benefits.

in types one and three if we looked behind the symbols or popular appeals made by the participants.⁸ To clarify this point, we need to look first at the logic of the use of symbols and public appeals, and secondly, at the kinds of appeals which are actually made by entrepreneurs to evoke a public response. How do economic models handle the role that symbols play? According to public goods theory, a leader will calculate that he can best gain supporters if he stresses the private benefits that people would gain by allying with the group. Or he might stress the private costs they are paying now. At this point a contradiction might arise. For the concept of the free rider suggests that as a leader expanded the audience to whom a benefit was seen to apply, those originally involved would decrease their activity, because now they could get a free ride on this larger group activity.⁹ Does an individual stay with a group because of a bandwagon psychology in which the more people join with him, the greater the expectations is that the group will make a difference? Or does he drift away from the group as

⁸For a study of the role of symbols in political life, see Murray Edelman, Politics as Symbolic Action (Chicago: Markham Publishing Co., 1971), especially Chapters 1 and 2.

⁹Compare Thomas R. Ireland, "The Calculus of Philanthropy," Public Choice, 7 (Fall 1969), pp. 28-29.

the scope of the conflict expands in order to gain a free ride on the group's efforts? We can explore this problem by looking at a group over time to see which dynamic is at work in explaining the symbolic appeals offered by the leadership.

The evidence suggests that leaders do not avoid using symbols which play up the public goods aspect of an issue. The long history of public activity over freeway policy illustrates the salience of public goods symbols. In 1964 freeways absorbed the attention of the public in Montgomery County, much as the environment and energy would a decade later.¹⁰ The Federal Highway Act of 1958 had financed a network of highways throughout the countryside, and in the middle of the 1960s they reached the outskirts of the metropolitan areas. What had been a popular policy as long as the highways were eating up the countryside, became highly controversial when they began to encroach on impacted areas.

While this increase of controversy is consistent with public goods theory, it does not follow that the ensuing opposition by the public over freeways, was solely

¹⁰Interviews were held with Bob Bruton, employee of the Department of Transportation, and a specialist in urban transportation; Fred Huette, leader of the Emergency Committee on the Transportation Crisis; and the late Robert Kennan, a lawyer member of the Committee of 100, an ecology minded group of Washington citizens.

against a private cost. In the Washington area, public opposition first emerged in the late 1950s over plans to build a freeway through Glover Archibald Park. The next notable stage came in 1964 when property owning residents in the Montgomery County township of Takoma Park began to organize against plans to extend the North Central Freeway through their homes. Projected plans called for 590 homes to be taken.¹¹ At this point most of the participants were part of the "proper suburban establishment," according to one of the members.

What had begun as a property owners' movement, however, gradually became more than that. When policy makers responded to the dissent by finding other routes for the freeway, popular agitation continued.¹² For example, at one point the Maryland Highway Planning Commission changed the route of the North Central Freeway away from Takoma Park, and proposed putting it along the B&O Railroad. Far from diluting citizen protest, even though it would take no homes, protest continued. Citizens contended that the new plans resembled designs for the Berlin Wall.¹³ The Rockville Sentinel reported that the

¹¹Rockville Sentinel, November 17, 1964.

¹²Rockville Sentinel, June 15, 1967.

¹³Rockville Sentinel, November 4, 1965.

authorities would never be able to deal with citizen pressure until they understood that popular concerns extended beyond property.¹⁴ On the one hand, it looked like there was a clear willingness to agitate on behalf of public goods, in this case the environment. On the other, it appeared that as more people got involved, the efficacy of the participants was increased. This result runs counter to Olson's hypothesis that individuals will reduce their activity in order to get a free ride.

In the above case of the freeways, citizens immediately affected by an issue, maintained their involvement when the threat moved elsewhere. There are also instances in Montgomery County during this period when one group consciously reformulated an issue from a private to a public one. The process can be explained with a theory developed by Michael Lipsky. In a study of protest groups in New York City, Lipsky demonstrated that the leaders were under a dual pressure. On the one hand, they had to keep promising specific, or we would say private and certain, benefits to their followers, in order to retain their support. On the other hand, they had to present their case through the media in terms of dispersed benefits in order to gain the tacit support of the rest of the

¹⁴Ibid.

community.¹⁵ The public appeals provide the group with a certain legitimacy in their activity for goals which affect them immediately.

The Rockshire Citizens Association, for example, wrote a complaint that the Rockville Sentinel had prejudiced their case. According to them, the paper had stressed the private costs to citizens in terms of losing homes, whereas the real complaint of the group was ecological.¹⁶ The symbol of environmental destruction was a highly important one to them. A similar effort to clothe their activities in terms of symbols of public costs was offered by the Block 69 group in Takoma Park. Montgomery College had plans to expand its facilities and in the process would have to tear down some old established homes on a street known as "Block 69." At first the issue was presented by the group in terms of the destruction of their lovely old homes. As they became more actively involved in the issue, and were preparing to take it to court, the residents reoriented the issue to give it a more dispersed character. Later they made

¹⁵Michael Lipsky, "Protest As a Political Resource," American Political Science Review, 62 (December, 1968), pp. 1144-1158. His argument can be seen as an interesting extension of Schattschneider's "expansion of the scope of conflict." See above, Chapter I.

¹⁶Rockville Sentinel, April 6, 1972.

it into an issue of a denial of due process, and an unconstitutional delegation of authority to the college.¹⁷

A third issue which illustrates the dynamics of group activity centered around the Falkland apartments. Falkland is a large middle class apartment building on the edge of Montgomery County in the Silver Spring area. When the issue arose of a builder tearing them down for a more modern and higher priced series of units, the residents became greatly stirred up and began to organize protests. Gradually, however, they changed the issue, from that of affecting purely their private interests, to one which mobilized a broader spectrum of the community. They began to present the issue in terms of a denial of the master plan for the County, bad zoning precedents, and as a symbol of uncontrolled growth in the area. The popular protest and activity was sufficient to halt the process, until a master plan can be passed for the area.

The results of this investigation suggest that citizens do undertake collective action for remote and public benefits. It also indicates that as the scope of an issue is expanded, the original group, those privately affected, stay with the group. Instead of drawing back

¹⁷Ibid.

by expecting a free ride, they apparently feel their efficacy is increased by the larger group.¹⁸ Thus it becomes highly rational for the government and entrepreneurs to use "public" symbols, and to try to expand the number of supporters. In doing so their chances of success are increased.

Government Responses

When we turn to look at government action, the coding problem is to define the impact of a policy. Which groups does the government anticipate will be affected by a policy? Robert Salisbury cautions that "policy impact" is a concept that is "beyond our present capacity to measure in any way that goes beyond the plausible hunch."¹⁹ It is true that the coding of events from newspaper data is essentially a case of using "plausible hunches," but, in testing the model based on Olson's predictions, our problem is fairly straight forward. For we are simply estimating whether a policy was concentrated

¹⁸Robert Salisbury has suggested that Olson's argument may apply to a group after it has formed and provided a public good, not to its original formation stages. "An Exchange Theory of Interest Groups," Midwest Journal of Political Science, 13 (February, 1969), pp. 21-22. The cases here suggest that any problems with Olson's models apply to the formation stage, as well as later stages of a group's existence.

¹⁹Salisbury, "Analysis of Public Policy," p. 157.

or dispersed in its impact. When we test the model based on Downs' paradigm, we will be concerned with how the government would anticipate the public's reactions. Does the County Council assume that the public would see a certain policy as remote or immediate? In this case an outsider's "hunch" must be assumed to be a fairly accurate indicator of how policy makers would code an issue.

Besides the specific policy actions taken by the government, County Council members offer "Comments" at their weekly sessions. These are remarks on wide ranging subjects directed to the public, and tend to fall into three areas: reports about action taken elsewhere, notice of problems referred to other agencies, and substantive concerns. Council members use the last category to specify policies they favor, but which lack broad public support. The comments then become a vehicle for appealing to the public. Such appeals add an activist element to the Downsian view of government. While we retain the notion that competing elites respond to public opinion, we grant them a role in helping to share that same opinion. If our model is correct that public and remote issues do not generate support or opposition, we can hypothesize that Council Comments would often be addressed to such issues.

The model projects several hypotheses about government behavior: The one based on Olson's theory suggests that we will find most government policy falling in types one and three--where private benefits are involved. Policies of type two--where private costs are involved--will be at a minimum. And elite activity in type four--where both costs and benefits are dispersed--is indeterminate from our model, and will depend on elite commitments, and the makeup of its electoral support. The model based on Downs' variables projects similar hypotheses. Most activity by the government will fall under types one and three, where the benefits are certain and/or immediate. Type two policies, where the costs are certain, but not the benefits, will be a null set, and type four policies again are indeterminate. Since such benefits are characteristically discounted, however, we have no reason to expect much activity in this fourth category. Results of culling the Rockville Sentinel for the six month period of January to June 1972 are contained in Table VIII.

Action Taken Which Imposes a Private Cost and Private Benefit. These cases are ones where the impact of the decision would impose specific costs and benefits on the parties. The benefit or cost might be "public" or dispersed in addition, but if it has an immediate impact on some group, so that they would be expected to mobilize

TABLE VIII

Number of Government Actions in Montgomery County,

January through June 1972

According to Private or Public Impact*

	<u>Private Benefit</u>	<u>Public Benefit</u>
<u>Private Cost</u>	1. Actions - 12 instances Comments - 0	2. Actions - 24 instances Comments - 4 appeals for public support
<u>Public Cost</u>	3. Actions - 18 instances Comments - 11 regrets about lack of opposition	4. Actions - 48 instances Comments - 9 regrets about lack of public activity

*Source: Rockville Sentinel

around their interests, it is coded as private. Some of the actions in this type are responses by the government to disputes among different interests, and some are actions which have a special impact on different groups. The model predicts that actions in this category generate sufficient activity on both sides of a dispute that the government will be motivated to make their decision after taking into account the interests of both parties. In some cases compensations might be offered to one or the other interest. Presumably it would also make a difference if the interest were part of that elite's electoral support.

In looking to see if any patterns emerge, it is of interest that every single case involves a zoning decision. Two were actions which had not previously been controversial, but in both, the affected interests immediately registered a protest. One case involved the decision noted above, to rezone the Falkland area of Silver Spring to allow high rise apartments. Within a week residents had begun to organize a campaign which was sufficiently successful that the zoning decision was postponed until a master plan could be developed for the area. The other action involved the expansion of Montgomery College, and the affected residents mobilized immediately.

The other ten cases involved responses by the government to disputes among different interests. There is no

way of knowing if those who lost in the final decision, felt their interests were taken into account. In six of the ten cases, however, some form of compensation or adjustment was offered to appease those who would pay the cost. It is also of some interest that none of the Council Comments were directed toward issues which would fall in this category, suggesting they did not feel the need to call any of these issues to the public's attention. It is also true that the County government informs all local civic associations about zoning requests which might affect them, and gives them a period within which to respond. These latter remarks essentially present "negative evidence," saying that the lack of activity means the interests of those who are affected by this type of policy do reach the political agenda. They are therefore, obviously conjectural.

Action Taken Which Imposes a Private Cost and a Public Benefit. In spite of the model's predictions, 24 instances were culled from the newspaper accounts. A closer look, however, partially validates the model, since locally elected officials were only involved in half of the cases. Seven of the decisions were made by State or Federal agencies, and four by appointed Boards such as the Planning Board, or Office of Consumer Affairs. These are all political bodies which would not be as

vulnerable to pressure from local special interests, as would elected County officials. Actually, a very small proportion of the activities of the County Council were coded as falling within this type of policy. It is also of interest that half of the ten Council actions coded in this type were in the area of protecting the environment, where, as shown above, there is much organized activity, albeit unpredicted by the two models. The other notable area in which the Council took some action was in restricting discrimination in housing. The four council comments about issues which fell in this area, were appeals to the public in such areas as putting more teeth in the anti-discrimination legislation, and compulsory recycling of waste paper.

Action Taken Which Imposes a Private Benefit, and a Public Cost. Eighteen instances were coded as falling within this type. Even though the model suggests that little controversy will arise, newspaper reportage isn't too affected since the paper reports all action taken by the Council each week and does not limit coverage to controversial issues. Fourteen of the eighteen decisions were routinely reported because the Council had acted on it; and only four appeared additionally in special news write ups.

Several instances document the underlying hypothesis of the model that the government feels safe in ignoring dispersed interests, at the same time that it responds to specific ones. In one case, there is evidence that people perceived an action as a cost, but didn't act on it, or oppose the Council's decision. The County's delegation to the Maryland State Legislature conducted an opinion survey in February 1972 in which slightly more than fifty percent of the respondents opposed more liberal liquor laws. Yet the Council felt safe in taking action to enact such laws in response to appeals by restaurant owners.²⁰ There was also no opposition when the Council changed a highway plan to avoid a residential area, and go through parkland instead, in spite of the county's consistent concern with preserving parks. In another case, the Council gave financial aid to citizens of Seneca to rebuild their flood damaged homes, even though the Planning Board and the Executive campaigned vigorously against the benefit, and wanted to discourage rebuilding in the area because it was vulnerable to flood damage. The paper also reported that in spite of

²⁰Rockville Sentinel, January 13, 1972, February 17, 1972.

a ban on granting any new sewer permits, the local Sanitary Commission had continued to grant them in violation of the moratorium.²¹

One of the actions included in this type, was the defeat by the Maryland State Legislature of the Farmland Tax Bill. Presently developers buy up land zoned as farming, develop it residentially, but continue to have it assessed as though it were farmland. Often a few cows graze on it to fulfill technicalities. The bill would have required land to be taxed by its use, and not its zoning when purchased. It is a clear issue where the developers receive private benefits, and all the citizens pay a cost in reduced revenue. The issue is of interest in this case, because Councilman Potter has expended considerable cost to himself in trying to generate public concern over it, and in the Fall of 1973 wrote a letter to citizen groups throughout the County, but received almost no response or support.²²

Turning to the council comments, almost half of them (11 out of 24) regretted the lack of opposition

²¹Rockville Sentinel, May 11, 1972, May 18, 1972.

²²Realizing there is not the support to accomplish the reform legislatively, Potter is trying to make some inroads on the problem through the courts. Using volunteer help to study tax records to find inequities, he brings the cases to the Council, which in turn takes them to the Tax Assessment Board of Appeals.

to policies which fall into this category. Councilman Neal Potter, for example, regretted that the Council didn't have the public support to limit growth in the County. Even though there was evidence from citizen demands that some citizens saw growth in the County as a cost, Potter contended that it wasn't sufficient, presumably to counter the interests of those who obviously benefit by growth. Councilman Garrott regretted that there was no citizen concern about the expansion plans of Montgomery College. She contended that the College was ignoring the needs of the community in its building plan, and had chosen an attractive spacious area, instead of one near the people it should be serving.

Actions Which Impose A Public Cost and a Public Benefit. Almost half of the government actions taken and reported during this six month period fall into this category. In all of them, both the costs and benefits are dispersed, and no group would be able to feel that they were so disproportionately affected that they would be the only ones reacting to the issue. In addition, all of the council comments about issues in this category referred to actions they had taken, but regretted there was not enough support for them to do more. For example, several actions increased facilities for drug control, but two of the council comments addressed the lack of

more support or resources to deal with this problem. A 1972 questionnaire taken by the county delegation to the state legislature, found that citizens favored tax deductions for the elderly by a margin of five to one, but in a comment before the Council, Councilman Garrott regretted the lack of support for more tax relief.

When we recode the same events using Downs' variables, we get the following results (the numbers in parentheses are the results of the former model using public goods theory):

TABLE IX

Government Action in Montgomery County,
January through June 1972
According to Immediate or Remote Impact*

	<u>Certain/Immediate</u> <u>Benefits</u>		<u>Remote/Uncertain</u> <u>Benefits</u>	
<u>Certain/</u> <u>Immediate</u> <u>Costs</u>	1.	8 (12)	2.	16 (24)
<u>Remote/</u> <u>Uncertain</u> <u>Costs</u>	3	35 (18)	4.	43 (48)

*Source: Rockville Sentinel

The major change from the former model is that many policies which are not specific in their impact are nevertheless immediate and certain in their results. For this reason many policies which were coded in type two and four using public goods theory, are now in type three using Downs' theories. For example, a decision to grant tax relief is a public benefit in that it is widely dispersed, and so is coded as an instance of a type four issue in the Olson model. But it is also an immediate and certain one since individuals can easily perceive its effect on them, and hence in the Downs model it becomes a type three issue. The same transition occurs with County aid to recycling centers; this is a dispersed benefit, but also an immediate and certain one. Similarly, a bus service increase has a broad impact, but a sure one. Although neither model predicted that much government activity would fall in this area, the Downs model is somewhat better able to predict the kinds of policies which will be enacted than the Olson model. Both models, however, are correct in predicting that the government is much more likely to enact public benefits where the costs are dispersed or remote, than where they are specific or immediate.

Summary of Research on Agenda Building

In Chapter III we used economic methodology to develop a model of the kinds of public demands and government responses which would comprise the political agenda. It predicted that popular activity would focus on specific and certain policy outcomes, rather than ones which would have a broad or remote impact. It further predicted that the government's response would reflect these same priorities. When we explored the accuracy of these hypotheses we found some confirmed more accurately than others.

As predicted, the vast majority of citizen demands centered around private or immediate costs. The much lower incidence of demand for private benefits is most likely a function of the use of newspaper data. There was also considerable--roughly half as much--public activity focused on public or remote costs and benefits. These were not predicted by any of the theory.

An interpretation of the findings about government responses contains a certain ambiguity. On the one hand, the model says the government won't be motivated to confer public benefits; and on the other, it says the government will respond to its perception of public demands. Since we found that there were demands for public benefits, the many incidences when the government responded by

providing these, are actually consistent with the model. We can only conclude that the County Council knew its public better than economic theory did. The more important empirical finding, however, is that the government is much more apt to provide these benefits where the costs are dispersed, than where they are specific and certain. All of the versions of our model predicted that private costs would have a veto effect in the political arena, and the evidence confirms them.

We could conclude our study of the contributions of economic models at this point. It is possible, however, that a closer scrutiny of some political activity which the model does not predict, will enable us to refine it and thus enhance its usefulness. Therefore, the next two chapters will explore one instance when a remote and public issue was placed on the political agenda in Montgomery County.

CHAPTER V

A CASE STUDY OF A "PUBLIC GOOD"

Our economic models were best able to predict the role played by special interests in our political system. There were, however, significant exceptions to its projections, and this chapter will provide a case study of one event not explained by the models. On October 23, 1973 the Montgomery County Council passed the Moderate Priced Dwelling Unit Act (MPDU). The MPDU legislation is an instance in which the government imposed a private cost on builders to enact a public benefit, and it is worth exploring the dynamics of this apparent anomaly. The MPDU is also an exception to our models on public demands since it was the object of strong citizen activity and support. In this chapter we will focus on the various parties involved, and the calculus of the Council in passing it. Then in the following chapter we will look more closely at the motivations of the citizens who worked for and against the bill. Our hope will be to gain some insight into the conditions under which public goods do gain salience in politics.

The MPDU has three major provisions. It states that certain percentages of low and moderate income housing are

mandatory. Specifically, any development of fifty or more units must include at least fifteen percent MPDUs. Secondly, in order to make this requirement economically feasible, the builders are given a "density bonus." This latter allows them to build the MPDUs on a smaller lot than called for in the County's Master Plan. Finally, the bill says that the County Housing Authority has an option to take thirty percent of the units for their clients. The purpose of this provision is to disperse low income groups throughout the County.

There were three organizations composing the pressure on behalf of the bill, Suburban Maryland Fair Housing (SMFH), the League of Women Voters, and Congregations United for Shelter (CUFS). Since its organization in 1962, SMFH had actually built a housing constituency in the County. Begun with the hope of opening up the suburbs to Negroes during the height of the national civil rights movement, SMFH had developed a large mailing list, an efficient organizational apparatus, and an experience in researching data, and dealing with powerful interests in the community. In 1968 a major aim of the group was accomplished in the form of a county Fair Housing Law. Almost immediately, members realized the high prices on housing meant that even with the new law, few blacks could afford to live in the County. Conversations and meetings began to be held on the subject of how the

group could turn its efforts to increasing the supply of lower and moderate income housing in the area.

During 1968 the same thought process was occurring among the League members, many of whom belonged to SMFH. At a major meeting the County League laid out the need for such housing and proposed that low and moderate housing be required in large town-sector zones, the ones with mixed zoning units. Then the proposal entered a study period, after which the member-chapters said, in effect, "why stop there?" and expressed a strong consensus that the League should insist that any such legislation apply to all developments across the board. Since the County Council was not particularly open to such legislation, the SMFH and League concentrated on developing viable legislation. Their major resources were several members of SMFH who were also lawyers.

There were also many citizens who were committed to the concept of orderly growth in the County, and were more ambivalent toward the MPDU. Their organizational impetus came from the Montgomery County Planning Association (MCPA). This group published a newsletter full of intricately argued and well research policy positions related to zoning problems. By arguing for planned growth, it had to avoid both extremes of "no growth", or "unlimited growth." As a result, the organization opposed the MPDU because of its density bonus. However, it is not clear that the members had a consistent

or clear position. The Association took an opinion poll in the spring of 1973, and found that respondents did not have internally consistent opinions. For example, respondents who felt their neighborhood was threatened by metropolitan growth, did not also favor lower densities. In addition, seventy percent of the respondents favored the MPDU legislation, in spite of their commitment to the Master Plan of the County. The Association, however, provided a forum for citizens worried about growth, and was a source of expert public testimony at a variety of hearings and Council work sessions.

Arrayed against both of these citizen orientations were the builders and realtors. Building, along with the federal government, is one of the County's largest industries, and the builders have had considerable influence in the County. When the SMFH proposed a plan in 1970 which would require ten percent of any housing project in a central business district to be low cost housing, the Rockville Sentinel reported that, "The Council, after learning about opposition from developers to proposed changes in some of the commercial and industrial zones in the county, called off hearings."¹

¹Rockville, Sentinel, August 13, 1970, p. 1.

Largely because of this deference to the business community, the SMFH, League and MCPA decided that a major priority was to elect a liberal majority on the County Council. Technically the organizations remained non-partisan, but the members got individually involved in the election. The County is preponderantly Democratic in registration, but Republicans had dominated the local government since 1958.² The County Reorganization Act of 1968 served as an impetus for the citizens, by promising a much stronger government.³ The Democratic Party Chairman put together a slate, Montgomery County Democrats for the Seventies. Besides one incumbent Councilman, Idamae Garrott, active in both the League and SMFH, the slate included Neal Potter, President of the zoning conscious Planning Association. In several pre-election meetings, SMFH and the League made sure that the candidates were questioned on their stand on low and moderate income housing. Armed with strong support for MPDU from four of the candidates on the MCDS slate, liberal citizens worked hard to elect it. Along with law and order, the cause of low and moderate income housing became a major issue in the campaign for council seats, and

²There are approximately 520,000 residents in the County; 222,155 registered voters; 131,808 Democrats, and 76,497 Republicans.

³Essentially the 1968 Reorganization Plan moved the County from a Council-Manager form with major control in the elected Council, to an Executive-Council form in which the Executive is greatly strengthened, by virtue of being directly elected.

Garrott gained substantial publicity when she returned a \$500 campaign contribution from a builders' association.⁴ In the November election, the Republican candidate for the Executive position won narrowly by less than 500 votes, but all seven of the Democratic candidates won in a surprise victory. In fact, despite their five to three registration advantage, it was the first time the Democrats had controlled the Council in twelve years, let alone comprised all seven seats. The Council knew it had been elected on a liberal platform, and that both those who favored low and moderate income housing, and planned zoning had been instrumental in their election.

Shortly after the electoral sweep, Garrott came to the League and the SMFH and asked them to put together legislation to require low and moderate income housing. One unanticipated result of the new executive-council government was that the Council had much fewer resources to use in developing legislation. Under the old system they had the entire administrative apparatus available to write legislation. Now, with the executive a member of a different party, the services of the administration were neither as available, nor as useful to the Council. As a result, MPDU legislation was dependent on the initiative of the citizens if anything

⁴Rockville Sentinel, October 15, 1970; September 24, 1970.

was to be done. Recent literature in political science refers to the problems of getting issues onto the agenda.⁵ Usually these authors assume that if a group elects a slate on a clear platform, an issue has reached the public agenda. In this case an electoral mandate was not enough. Agenda setting also required sufficient issue expertise to actually develop legislation. Even when this was accomplished, two years passed from the time the legislation was presented to the Council in September 1971, and its passage in October 1973.

The expertise came from several sources. As mentioned above, the SMFH had several lawyers who invested large amounts of volunteer time. When it was realized that the bill would require complex zoning knowledge, they sought for further help and got the pro bono assistance of a law firm, Hogan and Hartson. Finally, they had the services of a privately funded group committed to increasing the supply of such housing in the County. The Metropolitan Washington Housing and Planning Association was given a grant of \$25,000 from the Potomac Institute to provide technical assistance and leadership to citizens groups. Later CUFS joined the

⁵Peter Bachrach and Morton S. Baratz, Power and Poverty, Theory and Practice (New York: Oxford University Press, 1970); Roger W. Cobb and Charles D. Elder, Participation in American Politics, The Dynamics of Agenda Building (Boston: Allyn and Bacon, Inc., 1972).

coalition, and through their members provided a large amount of the expertise and economic research into the feasibility of the legislation.

Usually legislation is prepared by some governmental agency which anticipates opposition, and adjusts different interests in the substance of the proposed legislation. In this case the architects of the bill did this adjusting in the initial formulation, but once it was written, they had become so thoroughly committed to the form of the bill which they presented to the Council, they couldn't tolerate any changes. There were really two stages in their activity: the first was the period when citizen expertise was used to formulate a feasible bill, and the second was a period when supporters tried to mobilize their constituencies around the bill in order to bring pressure on the Council.

During their "policy formation" stage, SMFH and CUFS in particular, tried hard to develop what they called a "no-lose" bill. Most all of the participants had been engaged in political activity during the 1960s, in such areas as civil rights, and one can presume they had gained some political savvy during this time. A "no-lose" bill meant first that no existing subdivisions of property would be affected. It also meant that in order to make it feasible for the builders, developers would be awarded a density bonus. By enabling them to have smaller easements and yard

space, they would be able to build moderate income housing and still make a profit. The bill was also changed to rely on the Council's authority to issue building permits, rather than their more questionable zoning authority, to make sure the legislation would not be overturned in court.⁶

The proposed legislation was presented to the Council in September 1971; it was immediately turned over to a study commission, the Development Advisory Board, headed by developers, for their comments. The developers requested six months to study it, but the Council held them to ninety days. At the end of this period, there was a Council meeting, at which the builders roundly criticized the bill. After this encounter a hiatus ensued, in which the bill was "neither fish nor fowl." Two members favored the bill, Garrott and Elizabeth Scull, but they were reluctant to introduce it until they could pick up more sponsors. Finally, in March 1972 they formally introduced the bill anyway, so that public hearings would have to be scheduled.

After September 1971, the proponents moved into their mobilization phase. They knew it was imperative to remind

⁶In Fairfax County a similar measure was deemed unconstitutional in the State Supreme Court. The Montgomery County Executive used this action as a rationale for his own opposition to the bill. The supporters, however, said their case wasn't comparable since the Montgomery County Council had more power than the Fairfax local government.

the Council about their electoral mandate, and to convince them that public sentiment lay on the side of the bill. But different audiences often require different arguments. Michael Lipsky has written about the problems which face protest groups: On the one hand, they have to maintain the support of their followers with specific benefits. At the same time, they have to buy the support of the "reference publics" of the Council, those groups in the electorate whom the Council takes seriously. By and large, protest leaders reach these "reference publics" through an effective use of symbols.⁷

Adjusting this strategy to a suburban milieu, it is possible to describe the SMFH as an organization facing similar dual pressures. One Council aide described the Council's "reference" groups as a diffuse, and not well defined entity, who were generally disposed against "wasting taxes on low income people." The SMFH had spent years confronting this diffuse public in their efforts to enact fair housing legislation, and knew well the symbols it would respond to. Perhaps because of this experience, the SMFH had a tendency, often subtle and perhaps unconscious, to offer one set of symbols to their membership, and another

⁷Michael Lipsky, "Protest As a Political Resource," American Political Science Review, 62 (December, 1968), pp. 1144-1158.

to the "reference publics" of the Council. Through their organization newsletter, the President of the SMFH, in warm and personal write ups, spoke of discrimination, integration, open communities, the need for low income housing, and documented the number of poor families in the County who lived in sub-standard housing. In flyers spread throughout the community by SMFH, the appeal was instead directed toward the need to house "teachers, policemen, librarians, pharmacists, firemen, postal employees, young marrieds, and the elderly."

The flyers essentially redefined the beneficiaries of MPDU as "one of us." The same point was made on other occasions. For example, some who were opposed to the legislation, including several Councilmen, frequently argued that the bill would open up housing to people who needed governmental services, in places where such services didn't exist. A spokesman for the SMFH, who made it her business to be on hand for every single work session on the bill, would always stand up and say, "We aren't talking about 'those people', we are talking about ourselves." In effect, SMFH set the terms of the public debate through its effective use of these symbols. They were purposefully and effectively moralistic in their appeals to both their supporters, and the general public, but one appeal concentrated on the ethics of open housing and the other on our responsibility to those who service the community.

Many members of SMFH also belonged to religious groups in the County. When Congregations United For Shelter (CUFS) was organized, the proponents gained access to a large number of the churches and synagogues in the county. It was a period when churches which had been active during the 1960s in social action, were trying to think through how to follow the agenda set for them by the black community: "take care of your own area." MPDU legislation fit the directive well. Several of the churches had tried to take advantage of "221 D 3", federal legislation which offered housing subsidies for low income housing sponsored by non profit groups. In contrast to the discouraging complications of this process, supporting a piece of legislation before the Council seemed straight forward and feasible.

Supporters often claimed another source of support for the bill, namely the many federal institutions and industries in the county which depended on a supply of lower middle income residents as their employees. Proponents worked hard to document that the employees in these large complexes couldn't live in the county. Although these employer groups did attend public hearings, the initiative was always sparked by citizen groups. Employer support primarily underscored the symbolism that the legislation would aid primarily those who were essential to the economy and services of the County.

The opposition to the bill was composed of an equally diverse alliance. According to spokesmen for the SMFH the builders never took them seriously, and tried to laugh off the bill as impossible. However, since the debate was conducted with maximum publicity due to the efforts of the SMFH, private interests were immediately disadvantaged. Because they failed to anticipate the public response, they retained their traditional tactical procedures. This meant that the builders and realtors opposed the MPDU by means of direct presentations to the Council, written comments on the legislation, and testimony at work sessions of the Council. This political error is exemplified by a conversation with one of the county realtors. He had developed an elaborate alternative to the MPDU; when he was asked if he had approached the bill's architects with it, he replied, "Well, they should have heard about it when I presented it at the hearing." The development interests not only found it difficult to appeal to the public, they were also partially neutralized by the density bonus which eliminated the "private cost" to them of building the MPDUs. A report of interest groups in Montgomery County suggests the possibility of an alliance between low income groups and developers, out of their

mutual desire to facilitate rather than to regulate development.⁸ In the case of the MPDU there was never any alliance between the builders and SMFH, and most builders were on record in opposition to MPDU, but it is also true that they never mustered the full potential of their opposition.

The groups primarily opposed to the density bonus were also caught in an untenable position. Since the proponents had captured the most viable symbols in the issue, the opposition was forced to say they supported the concept of MPDU, but not the density bonus. The MCPA's support of the Master Plan was as much of a moral issue to them as the SMFH's support of the MPDU, but they were never able to mobilize the public. As the results of the opinion poll of their members suggest, even their own subscribers probably didn't have a logically consistent position. In the struggle to get the Council to move forward on the bill, the proponents were constantly accusing the legislators of stalling, of secret meetings, of misleading or flouting the popular sentiment. The opposition was caught in the much more difficult position of asking for more statistics, and

⁸Rockville Sentinel, March 28, 1974.

more adequate documentation of the need for such housing.⁹

There was another component to the opposition, the local neighborhood civic associations. For the most part these were property owners who had organized as watch dogs of neighborhood interests. They were equally committed to the integrity of the Master Plan, and against the density bonus. But their aim was to protect their own interests, rather than their moral commitment to the concept of planned growth. They also were caught in the dilemma of opposing a "good cause." The spokesmen for those civic groups which participated in the public hearings, took pains to say they supported the concept of MPDU, but were against a variety of the specifics in the legislation.

Civic associations generally are an important ingredient in the suburban political scene. One study notes they are "the least noticed but most marked development in community politics over the past two decades. . .

⁹There was constant disagreement over the actual "need" for moderate housing in the County. The MCPA came up with a much lower set of figures than the supporters. Part of the discrepancy arose because the SMFH defined middle income families as those earning between \$5,000 and \$15,000, while the MCPA used the figures, \$8,000 to \$12,000.

Their number one concern is zoning, although they may also be interested in roads, sewers, and schools."¹⁰ Considering their active history of being involved in zoning decisions in Montgomery County over the past years,¹¹ it is more interesting to ask why they weren't more active in opposing the MPDU, than it is to cite the role they did play. When the question is posed in this way, one can conjecture that the MPDU was a public cost to these groups, in that it affected all civic associations throughout the county. It follows from the logic of "public goods" activity, that they wouldn't be as active in opposing such a cost, as they would be in opposing zoning changes that affected their immediate neighborhoods. Such was indeed the case.

One cluster of civic associations took a different position, and urged it much more vehemently than those above. They were militantly in favor of the MPDU, and thought that the bill didn't go far enough, that it should apply to developments under fifty units. It turned out that all of the supporting civic associations

¹⁰ Don T. Allensworth, "Planning and Land-use Decisions: A New Strategy for Municipal Administrators," Urban Data Service Report, 5 (September, 1973), p. 7.

¹¹ Ibid.; also see the study on the political record of the citizen groups in Montgomery County, Rockville Sentinel. March 28, 1974.

were from the Silver Spring area of the County. This is a section adjacent to the District, where many low income citizens have already settled. As these associations saw it, their section would continue to deteriorate unless there were opportunities for these citizens to disperse throughout the County.

By way of summary, we can describe these various interests using the terminology of Downs and Olson. Most of the proponents wanted a public benefit that was remote and uncertain. Some of the opposition saw this same benefit as a public cost, not quite so remote. The building industry was worried about a private cost which was immediate and certain, but were also assuaged by the density bonus, and cognizant that a more costly bill could be passed. The outer suburban citizens associations were worried about a private cost, albeit one that was remote and uncertain, while the inner suburban groups saw the legislation as a private benefit, probably fairly remote.

How did the Council perceive their options? In terms of their own policy commitments, they were drawn towards both the fair housing constituency, and to the integrity of the Master Plan. And they were aware that

TABLE X

Perceptions of the Impact of the MPDU Legislation
by
Different Interests

BENEFITS

<u>COSTS</u>	<u>Private</u>	<u>Public</u>
<u>Private</u>		Builders' Opposition
<u>Public</u>	Support by Employers in the County	SMFH and CUFS Support
	Inner-Suburban Civic Association Support	MCPA Opposition
		Acquiescence by Reference Publics

supporters of both positions had elected them.¹²

According to one of the aides to the Council, their stalling originated in two different assessments. They were wary about the opposition of those who were committed

¹²A recent study of local zoning authorities divided decision makers into liberal or conservatives, according to whether their voting records on rezoning (to higher density) requests was in opposition or support, the liberals tending to oppose, and conservatives tending to support, rezoning. The same study said that the votes correlated with the source of electoral support for the officials. Allensworth, "Planning and Land-use," p. 10. The present research confirms the role that electoral support played in the ambivalence felt by the Council members. In one important respect, however, it amends the Allenworth study. In reviewing the different interest groups active at the local level in middle-upper income areas, it described citizen efforts as purely "property-protecting groups." (p. 7) While these burgeoning civic associations are an important feature of the political landscape, the study omitted the role played by such groups as SMFH and MCPA, the main actors in the calculus of the Council. There is little evidence that the opposition by the civil associations carried much weight.

to the Master Plan and they were also aware of the need to review some of the technicalities in the bill to make sure it wouldn't be declared unconstitutional. One of the Councilmen, Neal Potter, wrote a piece entitled "Good Planning Versus More Housing," which aptly set forth the dilemma he saw. An economist, Potter kept challenging the figures used to support the claim that the County actually needed more moderate income housing. Elizabeth Scull suggested deleting the Housing Authority option in order to make the bill more palatable. A newly appointed Councilman, Norman Cristeller, wanted the bill to be "air tight," and put in long hours going over all the specific zoning technicalities. Garrott remained the major proponent for the bill. Her style, however, is to act as a catalyst for legislation, and to be a watchdog over county affairs, rather than to get involved in the fine details of any bill.

The supporters of the bill showed they were quick to learn the arts of political pressure, and publicity. After the bill had languished before the Council for a year, the President of the SMFH baked a birthday cake and took it to a work session after alerting the press. When the Council President, William Sher, stalled in placing the bill on the agenda, one of the CUFS members

reminded him that since he was a realtor by profession, it would look bad if he didn't support it. Shortly thereafter the bill was formally brought up for consideration.¹³ One aide to the Council noted that the Council was duly impressed by the enthusiastic support of the bill at the four public hearings. She also said they were very aware that there were few political liabilities in the bill, since the costs were essentially hidden. Whereas the density bonus served to neutralize the builders somewhat, those who saw the costs of the density bonus, were unable to mobilize the public. This failure is consistent with the model which predicts that public and uncertain costs are not salient in arousing political activity.

Finally, the Council knew it had to come up with some legislation. As suggested above, the reorganization of the County government had given the Council legislative responsibility, but put most of the resources for developing legislation in the Executive branch. As a result it had no way to develop an alternative bill.

¹³Both Sher and Garrott have declared their candidacy for the Democratic nomination for County Executive for the Fall 1974 elections, suggesting they would be sensitive to a variety of political opinions.

At the same time, the supporters, having invested so much energy in this particular bill, were not open to other forms. The County Executive, in the meantime, had come up with an alternative plan, which had more loopholes in it, and the Council could hardly leave the field to him, and lose all political credit. On October 23, 1973 they finally passed the bill unanimously, and repassed it over the Executive's veto.

The passage of the MPDU was a classic case of a group of citizens pushing for, and in this case writing the legislation for, a public benefit. Their own motivations were largely derived from their ethical commitments to open housing, and by effectively presenting the issue in broad ethical terms, they gained an immediate advantage through their effective use of symbols. Their argument was buttressed by showing that the real beneficiaries would be the respectable county employees, teachers, and firemen. Because they had invested so much in the writing of the legislation, they were not inclined to bargain away any of the stipulations. The opposition, in the meantime, had a hard time developing a consistent position, and their alternative proposal was vehemently opposed by the builders. The Council was torn between its commitment to fair housing, and its

responsibility for the Master Plan, but were forced to coalesce behind the bill by the effective work of the proponents.

Our original hypotheses suggested that public benefits and costs would not become politically relevant issues. In this case, a public benefit was actively pushed by citizens organizations, who at least gained the acquiescence of a large portion of the public. As a result, the Council action was consistent with Downs' explanation that political elites are motivated to respond to the issue preferences of the public. The question, therefore, becomes why so many individuals invested so much in this particular bill. Our next chapter will address this problem.

CHAPTER VI

MOTIVATIONS FOR POLITICAL ACTIVITY

The passage of the MPDU can only be explained by taking into account the activity by many on behalf of what was clearly a "public good." The bill was intended to create a diversified housing market. As such it was a good whose benefits and costs would affect both participants and non-participants; the latter could not be excluded from the benefits. In addition, it was "jointly supplied" to the public generally. One couldn't even argue that it was only supplied to those within a certain income range, since the policy goal of "diversity" was said to benefit the entire community. The MPDU also offered a remote and uncertain benefit--both in terms of the actual units to be built, and in terms of the alleged benefits from diversity.

Before drawing any conclusions about the validity of economic models, however, it is worth asking if the discrepancy stems from our definition of a "private" benefit as a policy result which has a sufficiently concentrated impact that the participants feel their action will have efficacy. It may be that a private benefit is more varied than we have suggested. Olson himself notes that,

"Economic incentives are not, to be sure, the only incentives; people are sometimes also motivated by a desire to win prestige, respect, friendship, and other social and psychological objectives."¹ However, Olson quickly adds two comments: Since all of these are selective benefits which are found in small groups where each member has efficacy, the presence of these incentives do not contradict the basic theory.² He also notes the possibility of other motives such as "erotic incentives, psychological incentives, moral incentives, and so on." But he quickly rejects them also, commenting that, "it is not possible to get empirical proof of the motivation behind any person's action; it is not possible definitely to say whether a given individual acted for moral reasons or for other reasons in some particular case."³ In spite of Olson's retreat from a further exploration of motives, it is worth asking whether any of these so-called "non-economic" incentives can explain the extent of collective action in Montgomery County. While Olson may be correct that we can never get "empirical proof" of a person's motives, further probing into motivations still seems to be useful.

¹Olson, Collective Action, p. 60.

²Ibid., p. 61.

³Ibid., p. 61, fn. 17.

If such probing is to tell us anything about political activity, however, we need some useful way to classify motives. We can begin with Olson's distinction between private and public, and see if they can be broken down any further. One author who has done so is Thomas Ireland, in a study of the reasons why people give to charity.⁴ Charity, of course, is a public good, and is often contributed to by many people--the very kind of collective action which Olson said would not be rational. Ireland lists five reasons why people give to charity:

1. "A desire for public goods in terms of direct personal motives."
2. "A desire for public goods in terms of broader public motives."
3. "A desire to act in a 'good' fashion."
4. A political motive, to help one get elected to office or gain prestige.
5. A condition of one's employment."⁵

The first two categories cover the kind of collective interest which Olson is dealing with. Whether you have "personal motives," or "broader public motives," as long as you desire a result which will affect others also, it will be rational for you to "free ride" on the others'

⁴Thomas Ireland, "The Calculus of Philanthropy," Public Choice, 7 (Fall, 1969), pp. 23-31.

⁵Ibid., p. 25-26.

contributions. The last three are various private benefits, and when any of them are present, they could explain charitable contributions. Ireland's third category is particularly interesting. He says it is the only one which is purely philanthropic. The givers care about the welfare of others, but the act of giving itself, is also important to them. Even if they knew the Red Cross could handle a situation adequately, they might still contribute because they would want to be involved. The giving, rather than the gift, is primary. Ireland's last two motives, by contrast, don't include any concern for the recipients of the charity, and are more clearly selective benefits in Olson's sense.

Ireland's categories are very suggestive for our purposes, but they do not entail any analytical distinctions. Rather, they merely seem to be a list of possible motives. Nor does Ireland include the social motives which Olson himself lists as one type of selective incentive.

Corresponding more closely to Olson's categories is a distinction among material, solidary, and purposive incentives offered by Peter Clark and James Wilson.⁶ Purposive, or intangible, suprapersonal goals, which are "inseparable

⁶Peter B. Clark and James Q. Wilson, "Incentive Systems: A Theory of Organizations," Administrative Science Quarterly, 6 (September 1961), pp. 134-35.

from the ends being sought," are similar to Olson's public goods, and would generate the free rider problem. Material, or tangible incentives, and solidary, or social incentives, could both be described as types of "private" benefits.

While none of these incorporate Ireland's philanthropic motive, a later amplification by Wilson does suggest the charitable incentive. He writes about two types of political actors, the "amateur" and the "professional."⁷ Most simply, the amateur is oriented to principles, and sees politics as a procedure for defining those policies which are in the public interest. The professional is less apt to be oriented to issues and principles, and is more concerned with gaining office and power. To him the public interest emerges out of the interplay of different groups pursuing their own interests.⁸ It would appear that while the professional responds to material incentives, the amateur is guided by purposive motives. However, the amateur also is motivated by the involvement itself, just as Ireland's philanthropist is motivated by the act of giving. Wilson writes, "the principle reward of politics to the amateur is the sense of having satisfied a

⁷ James Q. Wilson, The Amateur Democrat, Chicago: University of Chicago Press, 1962, pp. 4-5.

⁸ Ibid.

felt obligation to 'participate,' and this satisfaction is greater the higher the value the amateur can attach to the ends which the outcomes of politics serve."⁹ Again we see a confluence of purpose and involvement.

Robert Salisbury seems to be making this very point when he suggests replacing "purposive" by "expressive."¹⁰ But if Ireland is right, we need both categories, since there is a difference between caring about the results of an action, and caring about being involved in achieving those results. Two other authors, M. Margaret Conway and Frank Feigert, have further refined these motives. Impersonal motives include a desire to influence policy, and civic responsibility or party attachment. And personal motives entail social solidarity and a desire for status or contacts.¹¹ But these authors tend to confuse the issue in defining the amateur as one who seeks impersonal as opposed to personal rewards. As Ireland describes "acting in a 'good' fashion," and Salisbury describes "expressive," these motives seem to be anything but impersonal.

⁹Wilson, Amateur Democrat, p. 4. One of Wilson's critics, however, warns us that Wilson is not always clear what motivations belong to the amateur by definition, and which are subject to empirical investigation. C. Richard Hofstetter, "The Amateur Politician: A Problem in Construct Validation," Midwest Journal of Political Science, 15 (February 1971), p. 55.

¹⁰M. Margaret Conway and Frank B. Feigert, "Motivation, Incentive Systems, and the Political Party Organization," American Political Science Review, 62 (December, 1968), pp. 1164-1166.

¹¹Ibid.

The table on the following page draws together these various classifications, suggesting ways in which the different authors' concepts are equivalent.

Having sorted out five different types of motivations in the literature, it is necessary to relate each to an economic calculus. The problem is to suggest how each relates to our economic model which predicts when people will place their demands on the public agenda. At several points we have noted that the incentive we have called "issue involvement" combines an issue orientation with an interest in the activity itself. One can be oriented to an issue area in contrast to a benefit to oneself. For example, one could be concerned with racial diversity as a general issue, or with the benefit that one would receive personally if such diversity became public policy. At the same time, each of these orientations involve either a concern with the results of the activity, or the activity itself. If a person cares about racial diversity, is he primarily motivated to seeing a certain policy enacted, or to being identified and involved in enacting it? And if he is more oriented to the benefits he will receive from such a policy, is he motivated by the policy benefits, or the benefits from the activity of working for them? The following typology incorporates these interacting dimensions in a way which allows us to

TABLE XI
Classification of Motivations to Participate

	<u>Olson</u>	<u>Ireland</u>	<u>Clark/Wilson</u>	<u>Salisbury</u>	<u>Wilson</u>	<u>Conway/Feigert</u>
I. Public Reasons for a Public Good	Public Good	Public Motives for a Public Good	Purposive		Amateur	Ideological reasons
II. Personal Reasons for a Public Good	Public Good	Personal Motives for a Public Good				
III. Issue Involvement		Desire to act in a 'good' fashion		Expressive	Amateur	Civic Responsibility
IV. Social Reasons	Social Objectives		Solidary	Solidary		Desire for Social Contacts
V. Private Gains From Public Goods Activity	Selective Benefit	Political motives; Condition of employment	Material	Material	Professional	Desire for Status

relate each type to public goods theory.

TABLE XII

Typology of Reasons for Acting for a Public Good

IMMEDIATE MOTIVATION	GENERAL ORIENTATIONS	
	<u>The Issue Itself</u>	<u>The Benefits to Oneself</u>
<u>Instrumental</u> Concern for Result	I. Public reasons for a public good	II. Personal reasons for a public good
<u>Consummatory</u> Concern for Activity	III. Issue Involvement	IV. Social Reasons V. Private gains from public goods activity

The first point to be drawn from the typology is its relation to economic models. Economic theory is not able to include either of the motives which are oriented to the issue rather than to the benefit to oneself. It assumes that individuals act out of a concern for the benefits which will accrue to them. Thus to the extent that people are concerned about issues--either the results of a policy, or the involvement in a policy--their motives are not properly "economic ones." Economists have no room for a disinterested concern with issues, nor for consummatory activities where participation is a positive good in itself. It always considers "issue involvement" to be a cost and not a benefit.

A second point to consider is how the typology relates to public goods theory. We can see that the problem of a free rider will occur in both of the first two categories. Both of them are instrumental activities to attain a certain result, and even if one has a private interest in that result, as long as it is a dispersed or public benefit, he will not be motivated to get involved. Only if the public good affected a person very specifically, so that he wouldn't expect others to get involved, would he work for it.

All of the last three categories, types three and four, could be considered to be private or selective benefits. "Issue involvement" is related to a concern with a certain issue, but it also includes a personal satisfaction from the commitment. The last two categories in type four are more unambiguously private benefits. Insofar as any of these consummatory or private benefits are present, one could argue that it is sufficient to explain collective action for a public good. However, as we noted at the beginning of this chapter, Olson would not accept either issue involvement or social reasons as part of his calculus. He would define a private good like Clark and Wilson's "material" benefit."

At this point we will use the typology to identify the reasons why Montgomery County citizens got involved in the MPDU. Were all of their motives subject to the free

rider problem, or did they also have consummatory motives which helped put the bill on the agenda for what could be called private reasons? Then in the next chapter we will evaluate Olson's decision to narrowly limit what he would consider to be a private benefit, and see how this limitation relates to our effort to explain the MPDU activity.

Four public hearings were held on the MPDU legislation, with 109 individuals testifying in June and July 1972. Eight of these were public officials, nine were builders or realtors, and seven were sent by firms in the area as part of public relations. Of the remaining 85 persons, 35 were interviewed, all but two by telephone. Using open ended questions, they were asked why they took the time to get involved in working on the bill, or if they named an organizational membership, why they had gotten involved in that group, and what they would miss most if they could no longer participate in public activity. To ascertain if they were "joiners" or if they were concerned with this particular bill, they were asked about other organizational involvement. To see how extensive their commitment to the issue was, they were asked questions to determine how much they knew about the bill and its probable results. To see how they were influenced by the roles of the existing organizations in affecting efficacy, questions were posed about their expectations of

success, and whether they thought their involvement would make a difference in the outcome. In addition, they were asked about attitudes to partisan activity and to the responsiveness of political elites--the latter as an indicator of their sense of efficacy.

The answers were coded in terms of what the respondents chose to emphasize and the tenor of their responses, as well as by their direct answers. The dilemma in such research is always whether one can determine the "real" motives, when the individuals may either obscure them, or may not fully perceive them themselves. Perhaps we are doing no more than tapping the rationales which people offer for their activity. However, if these rationales differ systematically among the various groups, and if they cluster in certain ways, we have still gained useful indicators of their motives. Before seeing how the motives cluster within groups, we will go through each of the five categories, and specify the kinds of answers which suggested that type of motivation.

Operationalizing the Motivations

1. Public Reasons for a Public Good.

In being asked why they spent time on the MPDU, some gave answers such as "because of my belief in equality of opportunity," "my concern for a diverse community," or "I care about the quality of life for other people." Others

spoke of the need for controlled growth, for a pleasant atmosphere in which to live. These people often expressed an ideological commitment to the Master Plan of the County, referring to the need to preserve its integrity, and their own worry about constant attempts to slice away at it. The key here was whether the person talked about social or abstract needs, without any reference to their role in obtaining these.

2. Personal Reasons for a Public Good.

Some individuals expressed their belief in such public goods as the Master Plan, but had private reasons for doing so.¹² Answers which fit in this category included a concern that a son could not afford a house in the County, or an awareness of teachers who could not find houses. Some were worried about what would happen to their

¹²Wilson and Conway and Feigert all gloss over this distinction. It is also missing from the ethos theory developed by James Wilson and Edward Banfield. These authors argue that some individuals are "public regarding" in that they are willing to forego costs to themselves in order to realize gains for others. Their testing of the concept does not include any way to sort out whether a desire for public goods derives from "direct personal motives," or broader "public motives." "Public Regardingness as a Value Premise in Voting Behavior," American Political Science Review, 58 (December 1964), pp. 876-887; and a later refinement in "Political Ethos Revisited," American Political Science Review, 65 (December 1971), pp. 1048-1062. For a careful analysis of the conceptual and methodological confusions in their argument see Timothy Hennessy, "Problems in Concept Formation: The Ethos 'Theory' and the Comparative Study of Urban Politics," Midwest Journal of Political Science, 14 (November 1970), pp. 537-564.

property, or the nature of their environment, if more density were permitted. One man candidly admitted he had been looking for a tax shelter for an inheritance, and chose to invest in low-income housing.

3. Issue Involvement.

This category captured the tenor of a large number of the responses.¹³ For example, people would say, "I need to help," "I need to feel I count," "I do what needs to be done," "I'm a busybody, and always get involved in civic affairs," "It is an important area of my life, to work to improve the quality of life for more people." One man specified that what he would miss most from this experience was "a sense of having the potential to contribute to how my community develops." Since all of these answers indicate a concern with an issue as well as involvement, the respondents are not described as "joiners." A joiner gets involved for the sake of the activity and the social contacts, while the substance of the activity does not seem to matter. All of the people in this group found involvement important, but only if the issue was important also. They needed to be identified with a "good" or a "moral" issue. If we can use David

¹³ Conway and Feigert's research was also based in Montgomery County. They found that fifty percent of the Democrats and 45.5 percent of the Republicans in their survey in Montgomery County fell into this category. Conway and Feigert, "Motivation," Table 3, p. 1166.

Riesman's categories of the self-directed and the other-directed person, these are self-directed individuals.¹⁴ They do not want social approval so much as a good self image. This image requires that they are identifying with involvement in certain kinds of issues.¹⁵

4. Social Reasons.

Conway and Feigert tapped this dimension by asking, "What would you miss most if you had to relinquish your precinct post?". Individuals would fit into this group if they mentioned they would miss the fun, or their friends, or the fellowship.¹⁶ Several of my respondents could not understand the point of this question. One man replied, "This activity certainly isn't a hobby. I work hard, and often get discouraged. I do it because it needs to get done." Another said, "Are you asking if I enjoyed it? Not really. It was something to do. I suppose I felt a little better after I did it, but no I didn't actually

¹⁴David Riesman, The Lonely Crowd (New Haven: Yale University Press, 1950).

¹⁵Martin Carlson, in studying why people give to a church, suggests that the most useful way to understand these acts, is in terms of Maslow's hierarchy of needs; giving then becomes a way to satisfy these needs. The fourth to sixth needs could all be described as included within the "civic responsibility" category in this study: Need for identity, need for commitment, and need for self-actualization. Martin E. Carlson, Why People Give (New York: Council Press for Stewardship and Benevolence, 1968).

¹⁶Gordon Tullock has made a study of riots and protest movements, and speculates that some of the participants got involved due to the excitement of rioting. "The Paradox of Revolution," Public Choice, 11 (Fall, 1971), p. 89.

enjoy it." In contrast to the party activists interviewed by Conway and Feigert, these people seemed to resent any imputation that they might get some enjoyment or satisfaction out of their activity. Their answers confirm Hirschfield's conclusion that amateur politicians will "deny ever receiving any personal benefit from political activity."¹⁷ Only two individuals in the entire sample admitted that they enjoyed their involvement, although undoubtedly it was a more important dimension than appeared from the interviews.

5. Private Gains from Public Goods Activity.

Individuals were placed in this category if they said they went to hearings because their organization asked them to do so. Others were included because they cited their role as a leader in their organization. The respondents were also checked to see if any of them had filed for public office in the past five years; if so it was presumed that they would have acted partly in order to gain political recognition. Another major factor in this category were those who indicated a positive feeling about being known as an expert in the housing area. Several had developed a remarkable fund of knowledge. One woman proudly noted that while she wasn't a housing expert, she

¹⁷Robert S. Hirschfield, Bert E. Swanson, Blanche D. Blank, "A Profile of Political Activists in Manhattan," Western Political Quarterly, 15 (1962), p. 502.

was the political expert for her group, and she recalled the various occasions when she had challenged councilmen during work sessions.¹⁸

Clusters of Motivations in MPDU Participants

Usually a classification is followed by an effort to determine which motives are most salient for individuals. For example, Conway and Feigert look for the "dominant tendency" in a person, noting however, that they "do not insist on a single orientation which necessarily excludes all others."¹⁹ We will look at each of the groups who worked for or against the MPDU, and determine if a dominant tendency characterizes the individuals in it. Where responses indicate a variety of motives we will try

¹⁸Thomas Ireland suggests that charity may serve the political motive of gaining status in the community, or recognition in one's employment. "The Calculus of Philanthropy," Public Choice, 7 (Fall, 1969), pp. 23-31. John Harsanyi points to a similar factor when he says that "people's behavior can be largely explained in terms of two dominant interests: economic gain and social status." "Rational Choice Models of Political Behavior vs Functionalism and Conformist Theories," World Politics, 21 (July, 1969), pp. 513-538. Anthony Downs and Joseph Monson also argue that the search for status is "so fundamental that it can be considered a 'law' of human nature. They continue that because people desire status they choose to spend their income on private rather than public goods. It is this desire for status, rather than the manipulations of the business community, which explain why some claim that society is "privately rich, but publicly poor." If the government could incorporate some consumer differentiation into public goods, the bias against them would be counteracted. "Public Goods and Private Status," Public Interest, 23 (Spring, 1971), pp. 64-76.

¹⁹Conway and Feigert, "Motivation," p. 1160.

to determine if each group has a distinctive clustering of motives. Our purpose will be to see if there are "private" or consummatory motives to explain the MPDU activity.

Eight members of the SMFH were interviewed. All expressed a belief in a public good, and all but one added that they felt a duty or obligation to be involved in accomplishing that good. Thus the dominant motive was our "issue-participation" concept. Four of them also expressed a positive feeling about having status in a group, or being accepted as an expert in this area; and three of them gave a private reason for supporting this public cause. So what Wilson would call their "amateur" status was mixed with some of the characteristics usually associated with the notion of the professional.

It is not coincidental that individuals in a group share characteristics. They can do so either because similar persons are drawn toward a given group, or because over time the organization has an independent influence on their motivation.²⁰ Even using a threefold classification of groups, as utilitarian, solidary, and purposive,²¹ the SMFH is best described as an instrumental or purposive group, with very few social meetings. The members are

²⁰Wilson found that the initial motives of political activists were usually nurtured by the characteristics of the organizations which they joined. Amateur Democrat, pp. 5-7.

²¹Clark and Wilson, "Incentive Systems," p. 138.

very active, but a great deal of the action involves individual activity such as telephoning, research, checking on realtors, showing houses for inspection. Those who serve on the several committees, probably experience more of a social dimension, but compared to most organizations, SMFH would not offer fellowship or solidarity. It is likely that this style reinforced the issue orientation of the members. Similarly, there is evidence that the members had sought out such a group. A study of the organizational affiliation of the SMFH members found that 79 percent of them belonged to other instrumental groups, 13.5 percent belonged to groups classed as expressive, and 7.5 percent to groups classed as instrumental-expressive. It also found that SMFH members ranked higher on participation scales than a sample of non-members with similar social characteristics.²²

Eight members of church or synagogue groups were also interviewed. The results were very similar to the characteristics of SMFH members, in that there was a mixture of instrumental and consummatory reasons, dominated by the "issue-participation" motive. Everyone in the group mentioned a public good, with all except one of them emphasizing their involvement and responsibility

²²Ruth Ann Fangmeier and Vincent J. Haut, "Political and Parapolitical Participation of Members of a Successful Voluntary Association," Masters Dissertation, Catholic University, Washington D.C., April 1973.

rather than the good itself. There was only one who expressed a private reason for wanting that public good. The major difference from the SMFH was that four of these church members mentioned a positive feeling about social contacts. For example, one woman mentioned the many friends she had made during her efforts to get 221 D 3 funding for a low income housing project.

Five individuals of the inner suburban civic associations were interviewed. Three of them also belong to the SMFH, (but were not included in that category above). Two expressed only instrumental motives, primarily citing personal reasons for desiring diverse housing. It will be recalled that since their area was overcrowded, an increase of low-income housing elsewhere might ease their density. The other three combined these benefit oriented reasons with a positive belief in diverse communities, as a public good. Three also turned out to be community leaders in several groups, and were thus coded as partly motivated by political reasons.

Only three of the Planning Association members were interviewed. All of them combined a civic duty motivation with a very positive feeling about their own role as an expert. Thus it is not surprising that all three members when pressed, said they would miss being part of an activity in which they had knowledge and experience. The

interviews suggest that the role of the "expert citizen" is a highly salient one in an area such as Montgomery County. In no case was there a direct connection with the professional life of the individual, other than the high level of skill attained; nor was there evidence that these were frustrated professionals. For example one of the most skilled was a mathematician who worked for the Defense Department on Latin American affairs and enjoyed the work very much.

Seven members of civic associations in the outer suburbs were interviewed. Five of these expressed motives which clearly cast them in the second and fifth categories, of being concerned about their property, and of enjoying status in their group. Two of them, however, also expressed commitments to broader social issues, to the Master Plan, and to "the betterment of the County."

There is one characteristic of all of these motivations which is worth noting. Most of them used words which suggested a basic attitude, predisposition, or an habitual response.²³ They usually did not say, "I believe in fair housing." Rather they would reply, "I've

²³Richard Brody and Benjamin Page try to sort out the extent to which people have instrumental motives, and the extent to which more basic attitudes or predispositions are primary. They conclude that the latter are very important. "Indifference, Alienation, and Rational Decisions," Public Choice, 15 (Summer, 1973), p. 16. Robert Salisbury has found that party participation is partially derived from habit, "The Urban Party Organization Member," Public Opinion Quarterly, 29 (Winter, 1965-66), pp. 553-561.

TABLE XIII

Distribution of Motivations Among Groups Participating in MPDU Activity

	SMFH (8)*	Churches (8)	Inner-Sub- (5) urban Civic Associations	MCPA (3)	Outer-Sub- (7) urban Civic Associations
I. Public Reasons for Wanting a Public Good		1	3		2
II. Private Reasons for Wanting a Public Good	3	1	5		5
III. Issue Involvement	8	7		3	
IV. Social Reasons		4	2		
V. Private Gains from Public Goods Activity	4		3	3	5

* The numbers in parentheses indicate the number of people interviewed in each group.

TABLE XIV

Typology of Dominant Tendencies Why Groups Worked on the MPDU

IMMEDIATE
MOTIVATION

	<u>Racial Diversity</u>	<u>Benefits to Participants</u>
<u>Instrumental</u> Concern for Results of the Legislation		Inner-Suburban Civic Associations Outer-Suburban Civic Associations
<u>Consummatory</u> Concern for Involve- ment in Collective Action	SMFH MCPA Churches	MCPA Outer-Suburban Civic Associations

always believed in fair housing and integration." "I always work for interests in that line." "I've had an interest in social justice for 25 years." "I've had an interest in the problems of discrimination since college days." When one woman was asked about her attitude toward the density bonus, she replied, "I didn't understand it, but if the builders were against it, it must have been good." Others would say, "Once you get involved you can't stop," and "One thing leads to another." It was apparent that the symbols of "fair housing" and "Master Plan" elicited habitual responses from individuals, irrespective of the specific merits or facts at stake.

Wilson suggests that whereas many individuals enter politics as "amateurs" in the sense of being ideologically motivated, in time many of them acquire the more professional norms, such as desire to attain power, and material rewards.²⁴ This developmental hypothesis was very suggestive about the process which the SMFH respondents went through. Eleven said they had gotten involved in this piece of legislation because of a prior commitment or membership in SMFH. When I asked why they had joined, nearly all replied that they had gotten involved in the early 1960's. These were the years when the civil rights movement was in its most integrated stage, and when white

²⁴Wilson, Amateur Democrat, p. 171.

liberals were caught up in the optimism, and ethical crusading spirit epitomized by the leadership of Martin Luther King. Several mentioned a real turning around in their life at this point. One woman said she was a "conservative and naive" southerner, and during a four-year stint in California was first exposed to minority group needs. Through her involvement in a church group she said she radically changed her attitudes, and when she returned to the County in 1963 she was "ready for action."

As the decade wore on their agenda changed. People had a more hard-headed analysis of the obstacles facing them, and they became more political. One man said, "We thought we had done it," when the fair housing bill was passed, "but we soon realized they were using other reasons to keep out Negroes." We can say that stage one was characterized by a generalized and moral commitment to the cause of civil rights, and stage two by a more sophisticated policy orientation.

There are also subtle indicators of a third stage, when to use Pogo's words, "them" became "us." The individuals were still committed to fair housing, but they also realized that in the current market, they themselves would not have been able to move into the county. As one respondent put it, "Idamae Garrett (one of the councilmen) had bought a house for \$11,000 and she certainly wasn't a detriment to the community!". This change does not mean

that selfishness replaced altruism. The tenor of the comments suggest that the respondents had come to identify with the needs of those who had formerly been the recipients of their good intentions.

The interviews also shed some light on the role of efficacy in decisions to participate. All but three respondents said they expected the MPDU bill to pass, with several adding that they only wondered why it took so long. The reason they gave for expecting it to be enacted was the 1970 election in which the successful Democrats had committed themselves to the concept of mandatory requirements for low and moderate income housing. When asked further if they thought their own participation made a difference, one-fourth said yes, and the others "probably not." One man replied tersely, "I wouldn't have done it otherwise." More typical was the comment, "I don't think I made any difference myself, but I do think it made a difference that a lot of people turned out." Reinforcing this attitude that the bill would pass whether they favored it or not, was a nearly unanimous feeling that the Council did care what citizens thought, an indicator that generally the citizens felt they had efficacy.

Some suggest that organizations play a role in increasing the efficacy of individuals. Frolich and Oppenheimer say this occurs because organizations or leadership increase an individual's expectation that his

contribution will make an impact. A second explanation is given by Olson, when he specifies that organizations encourage participation by generating social pressure on members to participate.²⁵

The interviews offer tentative support that each explanation is relevant to a different style of organization. As noted above, the SMFH is an instrumental organization, with minimal social interaction. Most all of the members interviewed said they had originally come into contact with the MPDU legislation through the monthly newsletter. Those who said they made phone calls were asked if they knew the people they called or were their friends, and they all said, "no," implying that social pressure was not an important factor. However, members of church groups, and of the citizens' organizations almost always cited a friend or a minister or a rabbi as their original contact with the bill, suggesting that in these cases social pressure had been more important.

By way of summary, we can ask whether any of the motivations we have defined are able to explain the

²⁵See the discussion in Chapter Two above. A third explanation for participation through organizations is presented by Norman Nie, G. Bingham Powell, Jr., and Kenneth Prewitt, who say that organizations increase participation by increasing a person's competency and skills, and self confidence. "Social Structure, and Political Participation: Developmental Relationships, I and II, American Political Science Review, 63 (June and September 1969), pp. 361-378 and 808-832.

collective action for the MPDU. Our original survey of events in Montgomery County, reported in Chapter Four, suggested that many residents did make demands for public benefits, a result which Olson's public goods theory could not explain. However, when we interviewed participants, we found that there were very few people who actually fell into our first type, who had solely "public" reasons for wanting the MPDU passed. Only five persons spoke of their concern for the issue of racial diversity, with no reference to their own personal interest in it. One might conclude that by eliminating "public" reasons as a factor, we will indeed find "private" explanations for their activity. As we shall see, Olson does not let us off so easily.

Our second type of motivation, desiring the MPDU for personal reasons, was typified by the civic associations (although it will be recalled that some were in favor, and some were opposed). Even though they had personal reasons, however, public goods theory could not explain their involvement, since the MPDU was a broadly dispersed benefit, and none of the associations would assume that their role would have any efficacy in changing the outcome.

The three groups who expended the most effort and time on the MPDU, Suburban Maryland Fair Housing (SMFH), the Montgomery County Planning Association (MCPA), and the churches and synagogues organized in Congregations United for Shelter (CUFS), were all typified by our third type of

motivation, what we have called a desire for "issue involvement." Since the involvement was part of the incentive, this could be coded as a private good, since it was clearly a benefit that a person would only receive by being part of the action. Olson, we have noted, would not accept such involvement as part of his definition of a "private" benefit. Finally, we found that the MCPA and the outer-suburban civic associations also spoke of benefits they received from their group membership, such as status, or social contacts. But Olson was unwilling to include even these kinds of benefits in his explanation for collective activity. If we accept Olson's restrictions, therefore, we have no explanation for the MPDU. But maybe he has been unduly restrictive, maybe we should include those reasons we have described as consummatory within our definition of "private." In the next chapter, we will compare Olson's description of private benefits with other ways of describing what enters into an "economic calculus."

CHAPTER VII

THE DILEMMA OF RATIONAL-ACTOR MODELS

The study of motivations in the last chapter could be used to "save" Olson's predictions. Previous chapters indicated that people do work for public or dispersed benefits, thus throwing Olson's model in doubt. But when we explored their motives more closely, it was apparent that their instrumental interests in the results of the MPDU legislation were almost always mixed with some motive tied to the activity itself. If your incentives derive from activity, then by definition you receive a "private" or selective benefit, one you wouldn't get otherwise. So by broadening the notion of "private" to include not only "social" pleasures, and "status," but also the self-esteem from involvement in a worthwhile activity, we could say that indeed Olson is correct that people don't act on their interests unless they gain a private benefit.

Olson, himself, would not readily accept this effort to explain our findings. He notes that some "non-economic" organizations such as charities, might require a broad definition of interest which could take the "form of a feeling of personal moral worth, or a desire for respectability

or praise."¹ The problem with this approach, however, is that the theory "becomes correct simply by virtue of its logical consistency, and is no longer capable of empirical refutation."² In other words, we would have a tautology. We begin by assuming that people will choose to attain those benefits which are part of their cluster of preferences, called a utility function by economists. But then we turn around and deduce what is in that utility function by the stated preferences and actions of those same people. The result is the claim that political man tries to get as much of what he wants as he can; on the face of it, not a very useful proposition.

Both Olson and Downs choose to limit the kinds of motives they include in order to avoid this tautology. Not all economists would agree with them, however. It is worth placing their approach in the context of other ways to describe rational actor motivations. Only then can we assess whether to include the variety of motives discussed in connection with the MPDU, in an individual's utility function. Four different formulations can be sorted out of the current literature. As we look at each in turn, we will evaluate its merits and shortcomings by seeing how useful it is in explaining why citizens got involved with the MPDU.

¹Olson, Collective Action, p. 160, fn 91.

²Ibid.

1. Economic Self Interest.

Writers who choose this approach limit the motives in a person's utility function to what they call "economic" motives. By this they usually mean preferences for things that can be counted or maximized in some definable way. It is essentially a methodological, rather than a substantive choice, since their main concern is that they are able to be operational when they speak of a person's preferences. Buchanan and Tullock describe this approach as implying "that individuals will, on the average, choose 'more' rather than 'less' when confronted with the opportunity for choice in a political process, with 'more' and 'less' being defined in terms of measurable economic position."³ This stipulation means that, in principle, at least, those preferences are included which can be measured by a price system, or can be ordinally compared. One limiting characteristic of a preference for material or economic goods which Buchanan and Tullock emphasize is "that the interest of ones opposite number in the exchange be excluded from consideration."⁴ Only those economic preferences are included which are in ones self-interest.

Anthony Downs develops his theory out of the same limited premise. "We do not take into consideration the

³Buchanan and Tullock, Calculus of Consent, p. 29.

⁴Ibid., p. 18.

whole personality of each individual when we discuss what behavior is rational for him. We do not allow for the rich diversity of ends served by each of his acts, the complexity of his motives, the way in which every part of his life is intimately related to his emotional needs. Rather we borrow from traditional economic theory the idea of the rational consumer."⁵ And we noted in the last chapter that Olson draws the same conclusion in rejecting such motives as a desire for "status" or "social contacts."

It is because all of these authors deliberately simplify human motivation that they each stress that deductive theory does not stand on the accuracy of its assumptions, but on the accuracy of its predictions. This means they are saying something like the following: Individual A may be motivated by "q,r,s." Individual B by "q,t,w." And Individual C by "q,x,y." As social scientists we could spend our time trying to define each of those motives, hence increasing the accuracy of our assumptions. On the other hand, it is more efficient to recognize that all of the individuals want "q" and think through the implications of this assumption. As long as self-interested, maximizing

⁵Downs, Economic Theory, p. 7.

behavior is sufficiently general in any group, even though not exclusively so, the predictions will approximate reality.⁶

We have already alluded to the contributions of this approach to our study of involvement in the MPDU. As we said above, Olson would only include in a utility function those motives we have described as "instrumental," as desires to get a certain policy enacted, our first two types of motivation. But these motives involve the "free-rider" problem. The result is that Olson cannot explain why so many did work for the legislation. Nor does he give us any direction to pursue in order to explain it.

It is worth mentioning that Olson does not draw the same conclusion as Downs when they both reach this same impasse. Downs concludes that activity not explained by his model is "irrational."⁷ Olson merely concludes that it doesn't fit within the parameters of an economic

⁶Some theorists criticize economic theory not because people aren't self interested, but because they feel theory should help us explore alternative styles of behavior. These critics feel that economic models tend to reinforce the behavior they assume. For example, Robert Nisbet criticizes models in general because they contain implicit values which alter reality. Social Change and History, (New York: Oxford University Press, 1969). Alvin Gouldner applies a similar critique to Utilitarianism in general. The Coming Crisis of Western Sociology (New York: Avon Books, 1970), pp. 82-87.

⁷Downs, Economic Theory, pp. 8-11.

model.⁸ In our case, it seems more accurate to say with Olson, that members of the SMFH were not behaving like "economic men," rather than to say with Downs that they were acting irrationally. It is not necessary to equate rationality with economic behavior, and indeed doing so confuses the issue.

2. Anything Goes

Other economic theorists choose to include all preferences in an individual's utility function, rather than limit it to economic or measurable commodities. As a result, the analyst finds that any action an individual engages in is rational, because you can nearly always find some benefit or goal it was meant to achieve. The major proponent of this approach is William Riker. In an article on voting with Peter Ordeshook, Riker disputes the conclusion of Anthony Downs that voting is often irrational.⁹ Downs had argued that since an individual can't expect his vote to make more than an infinitesimal impact, it doesn't make sense for him to spend time or energy on it. Riker's point is that Downs defines the rewards a person gets from voting

⁸Olson, Collective Action, p. 161.

⁹William H. Riker and Peter C. Ordeshook, "A Theory of the Calculus of Voting," American Political Science Review, 62 (March 1968), pp. 25-42.

much too narrowly. Instead of just thinking of policy results, we need to include such rewards as satisfying a sense of civic duty, or partisan involvement.¹⁰ Once we include such motives, voting may be a rational action for the individual.

Riker's "anything goes" approach would incorporate all four types of motivation. Instead of just including instrumental incentives, or desires for the policy results of the MPDU, he would also include the consummatory categories. This form of a utility function encompasses any positive pleasure from involvement in an activity, moral commitments to equality, or enjoyment of social contacts. The "issue-involvement" motive we found so evident was, in fact, fairly similar to Riker's emphasis on the satisfaction that a voter may receive from fulfilling a civic commitment.

Whereas Olson would caution us that we are indulging in circularity, Riker would justify this procedure since it is able to affirm "that people calculate about their actions and that their calculations can be understood by others."¹¹ The crucial point is that as people engage in making choices, they need to realize enough benefits to

¹⁰Ibid., p. 28.

¹¹Ibid., p. 27, fn 7.

offset their costs. By stressing the role that costs play in decision making, Riker's approach serves a useful heuristic function. In fact it played this role in the present study. We found out that people did spend considerable time on a remote public good, and so we were led to ask them what positive incentives led them into that activity. Riker sensitized us to the fact that some benefit must have been present to make the cost worthwhile. In his overview of economic theories, Brian Barry agrees that a major feature is their sensitivity to the role that costs play. He adds the proviso that costs only become operative as a motivating force after they have exceeded a certain threshold. Therefore, costs are a more crucial variable when they are significant, as in collective action, than where they are minimal, as in voting.¹²

Riker's inclusive approach, however, is not quite satisfactory. It can serve as a guide to research and a way to organize ex post facto observations, but it cannot provide a theory to predict what will happen. Moreover, it

¹²Brian Barry, Sociologists, Economists and Democracy (London: Collier-MacMillan Limited, 1970), pp. 40-46. John Harsanyi also discusses a cost threshold, suggesting that where cost is very small people will even support the interests of others rather than themselves. "Rational-Choice Models of Political Behavior vs. Functionalism and Conformist Theories," World Politics, 21 (July 1969), pp. 521-522.

can't explain why some people do get involved and others don't. After our analysis in the last chapter, we can understand the calculus which each group engaged in, but we couldn't have anticipated this without interviewing the groups' members. Nor can we explain why others in the community failed to get involved.

3. Interdependence.

The above group of theorists wanted a utility function to include more than economic goods. A third group is willing to stay within the limits of material utilities, but want to explain more than self-interest by including a concern with other peoples' utilities. They are trying to explain why individuals often support redistribution, and are sometimes willing to incur a loss to themselves to benefit someone else. The concept they developed is known as "utility interdependence." Just as Riker wanted to include voting as a rational act, these analysts want to include redistribution as a rational consumer choice.

As presented by Harold Hochman and James Rodgers, they do this with a calculus very similar to what is known as the "trickle-down theory." I choose to divert some income to you because I know we will all be better off. In other words, my utility is interdependent with yours, or I can only increase my benefit if you do also.¹³ The hope of

¹³Harold Hochman and James D. Rodgers, "Pareto Optimal Redistribution," American Economic Review, 59 (September 1969), p. 543.

these theorists is to allow economics to stay within its criterion of consumer sovereignty, and still be able to deal with problems of equity.¹⁴

Applying this approach to our analysis of the MPDU, we could argue that the SMFH activists, for example, felt they would be better off if the community were more heterogeneous. Utility interdependence was evident in the feeling that the present residents would gain by opening the community to others. In effect this approach would provide personal reasons for wanting a public good. Since the responses provide several indications of such feelings of interdependence, there is a certain validity in this line of reasoning.

Several problems exist with the interdependence approach, however. It isn't able to explain why some people wanted to identify with certain moral commitments to help others. Utility interdependence also flounders on the same tautology which was a problem for Riker. One could always explain an action by saying a given individual felt he would be better off by doing it. And in our case, the problem of the free rider would remain unless only a small group felt or perceived this interdependence. Finally, there is the argument that the notion of interdependence

¹⁴Harold Hochman, "Individual Preferences and Distribution Adjustment," American Economic Review, Papers and Proceedings, 62 (May 1972), pp. 353-360. George Daly and J. Fred Giertz, "Benevolence, Malevolence, and Economic Theory," Public Choice, 13 (Fall, 1972), pp. 1-19.

is unnecessarily complicated. As William Breit puts it, why not just say, "I want to see you better off," and include redistribution, or the MPDU, as part of a person's utility function?¹⁵

4. Judicious Selection.

Several authors have suggested that instead of including all preference in a utility function, we select another one or two to supplement utility maximization. John Harsanyi contends that "the justification of this move is that at the cost of a small amount of additional complexity in our motivational assumptions we shall obtain a theory explaining a much broader range of empirical facts about peoples' actual behavior."¹⁶ We can determine these utilities from observation, and as long as the number is kept smaller than the kinds of behavior we want to explain we avoid being circular. He concludes that the two primary goals in a utility function are "economic gain and social acceptance."¹⁷

This same "judicious selection" of the components of a utility function has been explored by others. In an

¹⁵William Breit, "Income Distribution and Efficiency Norms," Paper prepared for Urban Institute Conference, March 1972. (Mimeographed.) See also Duncan MacRae, Jr., "Normative Assumptions in the Study of Public Choice," Public Choice, 16 (Fall, 1973), p. 33.

¹⁶Harsanyi, "Rational-Choice Models," p. 519.

¹⁷Ibid., p. 524.

article written in 1971, Anthony Downs redefined his concept of a utility function. "All consumer goods," he writes, "have two basically different functions. The direct satisfaction of utility, and the communication of status information to others."¹⁸ (Emphasis in the original.) Another analyst conducted a laboratory simulation of Olson's theory and concluded that self interest was only part of the revealed preference of individuals. The rest of their behavior, he found, could be explained using reference group theory. The participants showed a desire to please others whom they held in esteem.¹⁹

This effort to expand the utility function by adding a second or third goal is able to be somewhat truer to reality, to the complex of motives which inform our choices. However, there is no single rationale for the particular utilities it selects. Indeed each author cited above chooses a different one. Moreover, none of these additional factors can explain the kinds of motives we found operative for the MPDU. Even when social motivations were present they didn't seem to be paramount for the individuals. If

¹⁸ Joseph Monsen and Anthony Downs, "Public Goods and Private Status," The Public Interest, 23 (Spring 1971), p. 65.

¹⁹ John Worth Sweeney, "An Experimental Test of a Theory of Rational Behavior as Propounded by Mancur Olson, and a Methodological Discourse on the Subject of Teleological Explanation," (unpublished Ph.D. dissertation, University of Texas at Austin, 1971).

we had tried to select the major explanatory variable, it would have had to be the desire to be involved in a highly valued activity. This was an empirically discoverable variable, however, and not one we could have deduced from any developed theory.

Initially we raised the problem that Olson and Downs' models could not explain a significant portion of the political involvement in Montgomery County. The reason for this failure was the limited view they each had of a person's utility function. This recognition led us to look at some alternative ways in which economists have defined utilities to see if any were more appropriate for our data. Each of the three alternatives say, in effect, that "political man" cannot be reduced to "economic man." They do so by trying to expand the goals or utilities which individuals are assumed to pursue. The result, however, is that they prevent us from distinguishing clearly among the different goals or interests, and they are unable to tell us when one goal rather than another will act as an incentive. None of them, therefore, provides us with a means to predict the kind of involvement we found. We are left with the original formulation as stated by Olson, Downs, and Buchanan and Tullock. In our Conclusion we will address this version with our original question about the uses and limits of economic methods in political analysis.

CHAPTER VIII

THE USES AND LIMITS OF ECONOMIC MODELS

This study began by raising a particular problem dealt with by various empirical studies. It was the problem of explaining which interests are most readily placed on the political agenda, and which are shortchanged. The question raised was whether economic models offer any explanations for this phenomenon, and whether they have any unique contributions to make. Implicit in this question is a determination of the role that economic models can play in political analysis--their uses and limitations.

While most of the authors alluded to in the preceding chapters would feel that economic methodology is significant for an understanding of politics, not all economists would agree. Richard Zeckhauser is one who warns against their use in political analysis. A brief look at his argument provides a useful way to sort out the points in dispute. Zeckhauser does not make the point that economic theory simplifies human motivation as others have. Instead he derives his conclusion from the problem of preference revelation, the same problem referred to in this study as that of public goods. In economic matters, Zeckhauser says, "No one cares about anyone else's preferences, and

that is the reason that no one has an incentive to disguise or distort information about his own." But in political situations, we find that we are involved in a "common or a shared decision." In such situations we cannot rely on people to reveal their preferences, and hence we cannot rely on any mechanisms whatsoever to aggregate desires into a consistent policy output which faithfully reflects the preferences which people have.¹ As a result, Zeckhauser questions whether voting, or preference aggregation, is "the appropriate way to make social decisions." Since he doubts that it is, the conclusion is that economic models mislead us in looking at political problems. The question to be addressed is whether the results of the present study lead to a similar conclusion.

Empirical research has shown that special interest groups are much more active and influential in the political arena than broad public interests. Milk producers are more active than milk consumers. In place of the variety of theories offered by empirical research, the deductive approach of economic theory can incorporate both the activity of special interests and the inactivity of the broad public

¹Richard Zeckhauser, "Voting Systems, Honest Preferences, and Pareto Optimality," American Political Science Review, 67 (September, 1973), p. 946. He has also co-authored an article with Mancur Olson, which uses public goods theory to analyze NATO; "An Economic Theory of Alliances," Review of Economics and Statistics, 48 (1966), pp. 266-279.

within one behavioral assumption. It does so by assuming that both are rational actors who make political choices in much the same way that they make economic choices.

The viability of this assumption, then, depends on the accuracy of the analogy between economic and political, or "public goods." It appears that, over a large range of goods, the analogy does in fact hold. For example, the lack of activity by consumers for consumer protection can be explained by the nature of public goods. Since you can ordinarily enjoy a public good whether or not you pay for it, or even ask for it, chances are you will pretend you don't want it, or at least won't want to pay for it. Translated into political terms, this means that you probably won't spend much time or energy working for a policy you might actually want very much, if you would get it anyway.

Similarly, Olson predicts that people will only be motivated to work for public goods, when they also gain some membership benefits by joining a certain group, or when they are coerced to join it. He therefore defines "private" benefits as those accruing to membership in a group. In order to generalize this theory of collective action, this study elaborated on his basic argument that an individual's motivation is related to his estimate of whether or not he will have any efficacy in achieving a policy result. An individual will not act on his interest

where public goods are concerned, unless the good in question affects him so immediately or disproportionately that he wouldn't expect anyone else to get involved. This assumption explains why residents will organize to protect their immediate neighborhood from a zoning change, or from the building of a half-way house. By showing that some public goods confer private benefits, thereby permitting the use of economic logic, it can explain a broader category of political activity than group membership.

Where public, or political, goods have this private impact, economic theory is useful and relevant. In such instances economic theory can explain activity on behalf of certain kinds of public goods. People are more apt to act on their interests when they know their contribution will be influential on others, and when they wouldn't expect others to get involved. Economic theory can then explain why small groups of people often become politically active. Conversely where a policy affects the public broadly, no one would estimate he had any efficacy, and so he wouldn't get involved.

Empirical research found that most activity by the public in Montgomery County originated out of a desire to defeat policies which imposed a differential or disproportionate cost on them. Such activity around private costs was predicted by the model. There was also evidence

that the public was active for a variety of broadly dispersed benefits, and against a variety of broadly dispersed costs. Economic logic also predicts that the rational politician who wants to maximize his chance of reelection will be more responsive to special than to diverse interests. In fact, the Montgomery County government responded to both kinds of interests. It does not follow that the politicians were irrational or failed to care about reelection. Since the public was concerned about dispersed benefits, the government's response was consistent with economic logic. What remains unexplained was why there was political activity on behalf of dispersed interests in the first place.

In brief, the results of using an economic model appear to vary with the different categories in the original model. (See Table XV.)

As suggested, the type of policy where the model is more useful is the first type, but the particular data limited its role in this study. It is important to note this area, however, for political issues include more than dispersed costs and benefits. The research found a great variety of public goods whose immediate impact in terms of both costs and benefits is essentially private. One reason for Zeckhauser's disparagement of them in political analysis, was his failure to take into account that politics includes issues of this nature.

TABLE XV

The Uses and Limits of Economic Models

COSTS

Private

1.

The model was accurate in its predictions about this type of policy, although the data limited its utility. Newspapers don't include private benefits.

Public

3.

The model can explain why there isn't more controversy in this area. Here again the data was limited in that newspapers by and large do not contain private benefits or non-controversial events.

Public

2. The model correctly predicted and explained why more policies of this nature were not enacted. It explains why certain groups exercise vetoes, and why dispersed interests aren't acted upon.

4. The model is not useful for events of this type. It failed to predict the large amount of activity here.

Given the limits of the data used in this study, the model was most useful in the second type of policy, issues where there are private costs and public benefits. There was considerable political activity protesting any private costs which might be imposed by public benefits. Also the government was much less apt to respond to demands for public benefits where special interests were present. In theory it offered comparable explanations for the third type of issue, but the use of newspaper data was a limiting factor.

Turning to the fourth type of issue, the model was not able to predict, nor to explain the fact that many demands and much government activity falls in this category. Changes were tried in the model to enhance its predictability by determining if the activists' motives were private. Interviewing individuals who had worked for a public good with dispersed impact permitted classification of the motives they expressed. If their motives were private, then economic models would be useful. The dilemma was in defining private benefits to include good feelings from being concerned for others. Such an inclusive definition, as some economists use, explains far more of what occurs in Montgomery County.

This way of formulating the model was rejected in favor of Olson's insistence that a person's utility calculus

be limited to economic benefits. To say with William Riker that "anything goes" into a person's preference structure would not have gained us that much. It wouldn't have allowed us to predict what would happen until we knew what preferences everyone had, nor would it have allowed us to explain why some got involved, and others didn't. And it would have meant that we couldn't predict the failure of general demands to offset costs in the second type of policy. Only by fairly limited assumptions about human behavior can we deduce that people will avoid paying costs when they are specific to them, but will tend to ignore the costs when they are general to them. In a sense, it is a tradeoff. Riker's inclusive and more realistic calculus was rejected, in order to gain an understanding both of private activity and of why certain demands and responses do not usually get on the agenda.

In summary, economic models give a positive explanation for the salience of private interests in the political process, and the inactivity of general interests. The model put in testable form some hypotheses about both of these tendencies, and allowed us to explore them. But to understand those times when general interests do get put on the agenda, it is necessary to look elsewhere, to sociological models, to more complex psychological models, to historical events.

It is not an insignificant result to say that the model explains some gaps in the political process. Empirical

analysis by definition requires that we offer some evidence for our statements and generalities. An ongoing discussion within the social sciences has dealt with the question whether all the important problems are amenable to evidence. What about demands which don't become "inputs" into the process? If there is no evidence about them, how can we analyze or explain them? The economic version of this problem is to ask how we can talk about more than "relevant" demands. Is there any way to talk about demands which aren't limited by a given income distribution? The model suggests that a deductive approach is one way to broaden our view of "evidence" and still remain within a "positive" approach. "Positive" here means that "we try to describe what will happen under certain conditions, not what should happen."² The sentence is merely amended to read, "what will and will not happen under certain conditions."

The burden of ~~Zeckhauser's~~ critique was to question the utility of economic models because they assume the major function of government is to aggregate desires. Since politics involves public goods, desires aren't always forthcoming, and thus aggregation is problematic. The above model, however, suggests a qualification of ~~Zeckhauser's~~ conclusion. It suggests that with certain kinds of issues an aggregation view of politics is justified, and with others it isn't.

²Downs, Economic Theory, p. 14.

Where the benefits and costs are both specific, they will be placed on the agenda and the government is appropriately seen as a broker of competing interests in the traditional pluralist scheme. And as stressed above, politics does include issues of this type.

The model also suggests that a different form of government will be needed where public costs and benefits are at stake, since there is reason to doubt that the actual interests will be expressed. There has been a long debate in political thought as to whether or not people actually know what is in their interest. Writers as diverse as Marx and Burke remind us that when a person has a preference for "x", this by no means that "x" is actually in his interest.³ The economic model used in this paper is making a different point, however. It stays purely within the realm of preferences and is not making any independent judgments as to whether those preferences will benefit the individual. What it does say is that these

³See also Barry, Political Argument, pp. 173-186, and MacRae, "Normative Assumptions in the Study of Public Choice, Public Choice, 16 (Fall, 1973), p. 37. The fact that economic models are limited insofar as they have to work within the givenness of preferences is well taken. This study would argue, however, that such a positive approach can tell us some very valuable things, and that it shouldn't be rejected just because it is a partial approach.

preferences may not be expressed, or be operational. In such cases an aggregation view of politics isn't appropriate.

Two implications for democratic theory are worth mentioning. The first is to suggest some substance for the much abused concept of the "public interest." While critics are correct that the term is incapable of being defined meaningfully, it continues to be used. It is suggested that the term could be put in a plural form and thought of as "dispersed interests;" in this way they can at least be dealt with logically within a theory of public goods. A second implication relates to the concept of intensity. Various theorists have argued that democratic forms of preference aggregation need some way to weight intense feelings more heavily than those held with some indifference. Public goods theory, however, suggests that the opposite may be the case. Intense interests are weighted naturally; at the same time indifference may merely reflect that it isn't rational for people to spend much effort on dispersed interests.

It is fair to question whether analysis should go any further, whether the fact that some interests are not included should even be a cause for concern. As mentioned in the first chapter, many contemporary theorists would argue that such omissions are a sign of popular satisfaction, and in any case are a guarantee of stability. One could be concerned for any one of several reasons, however. Even

within the parameters of structural-functionalist theories, it can be argued that if some groups are consistently left out of the political process, strains and instability will result in the long run, and the system may or may not be able to adjust. A variant of this concern with the political system is to build on Karl Deutsch's concept of a system which needs to develop mechanisms to incorporate the interests and "feedback" of all members if it is to become "self-steering."⁴ Other more normative reasons would include a commitment to egalitarianism, or an agreement with Ralf Dahrendorf that liberty depends "on the extent to which a society is dominated by public virtues."⁵

Given a concern with the failure of some interests to be expressed, the literature suggests two very different ways to deal with the problem. The first can be called a centralization model, and can be found particularly in rationales for majority rule, for a strong presidency, and in the responsible party model.⁶ The argument is that the only way to express broad general interests is to have some

⁴Karl Deutsch, Nerves of Government (New York: The Free Press, 1966).

⁵Ralf Dahrendorf, Society and Democracy in Germany (New York: Doubleday & Co., Inc., 1969), p. 29.

⁶Schattschneider, Semi Sovereign People, Barry, Political Argument, each presents a rationale for this approach out of concerns similar to those in this paper.

institution which is beholden to a numerous and heterogeneous public, and thus can withstand special pressures. As Brian Barry puts it, only such an arrangement lowers the information costs for participation sufficiently to allow most citizens to get involved. The more complex pluralist system allows numerous groups to enter the system, but leaves out broad, dispersed interests.⁷ This same argument explains the concern of some that parties appear to be declining in importance in the contemporary United States. Frank Sorauf writes that, "It is the less active, less confident, less influential, less informed citizens who most need the parties and whose reliance on them and their symbols have made them what they are."⁸ If the parties decline, these same groups will lose an access to the political agenda.

MacRae notes that this traditional focus on centralized institutions in effect asks for general "consent" by the citizen, rather than allowing preferences to shape policies. A more direct form of participation can be found in the second approach to democratic participation. Its traditional form as expressed by Madison, can be described as functional decentralization, with its stress on multiple

⁷Barry makes this point by way of a critique of Edward Banfield's Political Influence; in Political Argument, pp. 271-274.

⁸Frank Sorauf, Party Politics in America, 2nd Ed. (Boston: Little, Brown and Company, 1972), p. 431.

access points and different constituencies. The intent is for the interests to check each other. In effect the net result is no different than the above. The anti-pluralist critique offered by such as Theodore Lowi is precisely that functional decentralization ends in "interest group liberalism," and leaves out broad interests.

An alternative form of decentralization is that which thinks in geographical terms. It tries to make dispersed interests less dispersed, by breaking large units into smaller more homogenous units. Thus, more special interests can be fed into the process. Those theorists who demand community control or neighborhood government are suggesting that by changing political boundaries we move more decisions into our first, second, or third type of policy. Smaller boundaries can make more policies into ones with private costs or private benefits. Neighborhood government would presumably mean that more policies had a "specific" or a "private" impact, and that any given person's efficacy would be increased.

The model suggests that decentralization will work best where issues have a private impact. Where they do not, and where decentralization wouldn't make them private, some centralized institution is important. Thus the model suggests that in issues of our second type, private costs and public benefits, some insulated form of political authority is necessary, both to counteract the strength

of special interests, and to interpret dispersed ones. Where the issues involve private benefits and public costs, our third type, the predicted form of government is that of a regulator. Here the problem is to make it rational for each to act in his own interest, hence regulation is appropriate. Where issues of the fourth type are concerned, it is important to have some channel for dispersed interests, but the form of government does not need to be as insulated as it does where special interests need to be dealt with. As the research suggested, the County Council was able to enact policy where both the costs and benefits were dispersed, but the state or federal government had to act where the costs were private.

One of the most intriguing aspects of economic models is their willingness to address systematically the problem of how institutions affect political behavior. While this study has raised the question of how decentralization might affect the demands which arise, the more common economic argument is to argue for decentralization in order to increase economic efficiency.⁹ However the question is put, economic models are able to be more policy relevant because of this concern with structures, than sociological models which

⁹Bish, Public Economy, pp. 35-62.

focus on social or cultural explanations.¹⁰ They invite us to compare the extent of participation, and the form it takes in different contexts, and to sort out the relative importance of factors such as size of unit or homogeneity.¹¹ In a sense an understanding of how structures affect participation requires a prior understanding of why people engage in politics in the first place. We come full circle, however, since public goods theory tells us that our empirical problems will be greatest when we are trying to understand why people participate on behalf of pure public goods. To the extent that economic assumptions are correct, people won't reveal their true preferences for issues of this nature.

¹⁰In this regard they are compatible with Kal Silvert's recommendation that the academic social sciences focus on the aspects of our life which can be changed, and then present possible options to policy makers. Man's Power, (New York: The Viking Press, 1970), pp. xiv-xviii.

¹¹In a related exercise, Uriel Foa has asked how behavior varies with the kind of resources being exchanged, be it economic or non-economic. "Interpersonal and Economic Resources," Science, 171 (January, 1971), pp. 345-351. Ruth Lane has developed a more general model which incorporates motivational research in order to ask "what types of citizens are possible?" and "what sorts of situations produce them?" "Political Man," (Berkeley, California: Sage Publications, 1974.)

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