Contents

PREFACE Arthur Seldo		n ix
GLO	DSSARY	xiv
THE	AUTHOR	xvi
I	Economics and Politics	1
	The benevolent despot – and the end of illusion	2
	Enter the political scientists	3
	Ethics in political conduct	4
	Voters and customers: choosing the best bargain	5
	Talking and acting: academics and grocers	5
	Politicians/civil servants and lesser mortals	6
II	Why Government?	8
	The dawn of 'externalities'	8
	'Externalities' and government	9
	Defects of government: public goods – all or nothing	11
	Changing choice between market and government	12
Ш	Voting as a Means of Collective Control	14
	The median voter theorem	14
	Tendency to median 'consensus'	18
	Two-party system	20
	Three-party system: polarising party wings?	22
	The voter's interest: one main issue	24
	Power – or the public interest?	24
IV	Bureaucracy	26
	Bureaucrats and businessmen	26
	Bureaucrats and elected representatives	27

	Motives of bureaucrats	27
	What does the bureaucrat try to maximise?	28
	Improving the bureaucracy	30
	Single buyer v. single seller	32
	Odds with the bureaucracy	33
	Bureaucrats resist 'cuts' by superior knowledge	35
	Solutions: more information? – reducing bureau monopoly?	36
	Introducing competition into the bureaucracy	37
	(a) Competition within bureaus	37
	(b) Competition between bureaus	39
	Small-scale experiments desirable	39
v	Logrolling	41
	A British example	41
	Logrolling in Labour and Conservative politics	42
	Explicit or implicit logrolling: a US 'model'	43
	Differential impact of political decisions	43
	Explicit (open) logrolling	45
	Implicit ('secret') logrolling	46
	Logrolling and the median voter	47
	Implicit logrolling in Britain: party manifestoes and coalitions	48
		40 48
	Referenda	40 49
	Logrolling in Britain: compromises in the Cabinet	50
	Benefits of logralling	51
	Defects of logrolling	
	Radical solution: a proposal for 'reinforced majorities'	54
VI	Envoi	56
A NO	OTE ON FURTHER READING	57

FIGURE	S
--------	---

1.	Collective Control by Voting (Police Services)	15
2.	Many Voters (Police Services)	18
3.	Joint Decision on Fire and Police Services	20
4.	Fire and Police Services with Two Parties	21
5.	The Choice of Fire and Police Services with Three Parties	23
6.	Supply and Demand for Police Services	31
7.	The Costs of Democratic Decision	52
ΑВ	RITISH COMMENTARY:	
	Party Politics and Bureaucracy in Economic Policy	59
	MORRIS PERLMAN	
THE	AUTHOR	60
ACE	KNOWLEDGEMENTS	60
I	Introduction	61
11	Public Finance and the Economic Approach	
	to Politics	63
	The dilemma	64
	Costs, benefits, and votes	65
	Inflation and the trade unions	67
	Incomes policies	69
Ш	The Economic Theory of Bureaucracy	7 0
	Bureaucratic empires	70
	The reticent bureaucrats: the information obstacle	71
	Bureaucrats and managers	73
	The economic approach to bureaucracy	76
	More disclosure: why not as much as companies?	77
	11201c disclosure. With not as much as companies:	
	The costs of solutions	78
		• •

FURTHER READING	80
QUESTIONS FOR DISCUSSION	81
INDEX	84