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The ‘rational choice’ or the ‘economic’ analysis of politics uses ‘economic’ assumptions, such as individualism, self-interested motivation or instrumental rationality by actors, and the search for conditions of equilibrium in collective interactions, to better explain political processes.

Most recent studies in the field have tried to enhance the importance of institutions, generically identified with rules of decision, and to stress the importance of strategic behaviour in collective processes of interaction. For this reason, the main development of literature here surveyed starts from the academic discipline of economics, but proceeds to the analysis of traditional political subjects temporarily misconsidered in political science under juridical and sociological influence.

In principle, the present survey considers only texts published in Spanish, although reference to English language literature by several of the authors under review perhaps would have made us more aware of the lines linking Spanish scholars’ work with more general developments. Despite that, it is to be hoped that no ‘national’ logic of science might be suggested by this selection.

The period here considered begins in the seventies, not only because the influence of the above-mentioned approaches clearly appeared in Spain at that time, but also because academic freedom and stability, conditions necessary to produce intellectual accumulation and progress, began to exist then.

The limits of the survey are also defined by positive theory and by discussions of criteria of fairness or justice. Neither historical nor analytical studies of classes of political thought, nor discussion of the methodological foundations of the approach, nor applied analysis to economics (not even to public finance and public policy) are included.

The following account might nevertheless suggest some intellectual relationship across disciplines. For example, a sometimes implicit dialogue, but also a clear logical connection, can be found between pieces that propose relaxing the condition of independence of irrelevant alternatives for an acceptable function of social choice, those defending the possibility of cardinal measurement of preferences, those attempting a rapprochement with utilitarianism, and those analyzing some paradoxes of the working of political institutions. Looking at the contributions overall, the democratic process appears as one that is developed within the rules of decision, which often induce a specific outcome but allow individuals and groups to pursue their
own various and often conflicting goals, lacking the capability to define the purposes and objectives of the community in the form of a unique general will or public interest.

Finally, keeping in mind the crisis of the traditional post-war model of the welfare State in Europe, and the learning of the working and the meaning of real democracy in Spain, will help the reader to understand better some biases in the literature here presented.

The survey is divided in two parts. The first deals with contributions at a theoretical level, distinguishing those placed in the ranks of narrowly defined social choice theory, those related to the ‘public choice’ school, and those oriented to the introduction of new approaches in more conventional political science. The second part presents applied analyses of the Constitution, institutions, political-economic cycles, and collective action.

1. Social choice and public choice theories

1.1 Dependence of irrelevant alternatives

Published discussion of Arrow’s founding theorem and its implications (Arrow 1963, first edition 1951) did not appear in Spain or in the work of Spanish authors until the Seventies. We can follow its logic by recalling, first of all, the conditions formulated by Arrow for an acceptable social choice function: on individual preferences, completeness and transitivity; and on social choice, rationality (or positive response to changes of individual preferences). Pareto optimality, independence of irrelevant alternatives, and non-dictatorship. Arrow’s impossibility theorem holds that no function of social welfare or, according to frequent interpretations, no Constitution or rule for collective decisions, can fulfill all of these conditions. Accordingly, and given the general undesirability of dictatorship, two alternatives exist in principle: to renounce the fulfillment of some of the above mentioned, apparently fair, conditions; or to accept the possibility of irrationalities of social choice, especially in the form of cycles and inconsistencies.

The first original contribution by a Spanish author to these problems was a response by Andreu Mas-Colell to the proposal of A.K. Sen to substitute decisivity for rationality in the required conditions for a function of social choice (Sen 1970a). It took the form of a new impossibility theorem. Sen proposed that a social choice function would be acceptable if it could guarantee the existence of a winning alternative, without cycles or ties, even if in some cases the outcome was not consistent with the preferences of individuals. Mas-Colell argued that this reduction of the requirement of rationality for social choice should consistently be extended to individual preferences, in such a way that the requirement of transitivity would also be eliminated for them. He suggested that intransitive individual preferences exist in the real world, alluding to the multidimensional policy and ideological spaces in which political scientists usually situate the tastes of individuals. The conclusion of his formal analysis is that ‘impossibility’ is reproduced again. In other words, if the assumption of rationality or transitivity of individual preferences, and the condition of non-rationality of the social choice function are eliminated, no social choice function that fulfills the (modified) conditions stated by Arrow and is decisive (able to produce always a clear choice) does exist (Mas-Colell 1972). Another parallel contribution by Mas-Colell can be found in a co-authored article in which the modified condition was not that of rationality of individual preferences, but that of dictatorship. Reformulating the latter more strongly as ‘quasi-dictatorship’, which implies the existence of individuals with veto power, the authors found that, when the number of alternatives is at least 3, no social choice function does fulfill the (modified) conditions; that is, a new impossibility theorem is formulated (Mas-Colell and Sonnenschein 1973).

Given this robustness of the impossibility theorem, in his introduction to the Spanish version of Arrow’s book Mas-Colell identified ‘the independence of irrelevant alternatives as the crucial hypothesis’ to explain the impossibility of a fair and acceptable social choice function. He pointed out that there are a number of acceptable functions of aggregation of preferences that fulfill all of Arrow’s other conditions except for the cited independence of irrelevant alternatives (hereafter IAI), mentioning by way of example the procedures of rank and order, such as the Borda count. Some of these procedures require cardinality of individual preferences, something widely rejected in the mainstream of economic science since the thirties, although they do not require interpersonal comparability of utilities, the only true component of the old welfare economics that was rejected on an ethical basis (not merely for technical or informational difficulties).

In this early work, Mas-Colell also pointed out the two main fields of analysis that would foreseeably grow after the elimination of the condition of IAI: first, study of the institutional procedures and rules that can induce stable collective choices, avoiding the paradox of voting in the real world; and second, study of the strategic behaviors developed in the context of those institutions, for which analysis he very early stressed the applicability of game theory (Mas-Colell 1974). As we will see, it is possible to situate an important volume of later publications in the intellectual context defined by these two lines of research.

Also writing in the 1970s, Julio Segura proposed the elimination of the condition of IAI for an acceptable social choice function, defending cardinally of individual preferences as well as their comparability. He wished to introduce some values and criteria for redistribution in the process of social choice, and specifically the equality criterion. As Segura himself agreed, the key condition for making a decision possible on the basis of the criterion of equality is comparability, and not necessarily cardinality. However, he first promoted the latter to make the comparability of individual preferences
easier, and then the feasibility of a collective decision in favour of egalitarian values. Thus his account was different from that of Mas-Colell, who implicitly accepted the objections against comparability. In fact, the aim of Segura was to confront two normative criteria: the noncomparability sustained by some liberal authors and the equality characteristic of socialist ideology (Segura 1974).

Salvador Barberà also defended the elimination of IAI, although by use of arguments more like those of Mas-Colell, that is, by avoiding comparability. Usually, he argued, the condition of IAI is not adequate to analyze real behaviour, and at the theoretical level it is the principal cause of the difficulty in guaranteeing an acceptable social choice pointed out by the impossibility theorems. Barberà proposed substituting ‘non-feasible alternatives’ (roughly understandable as those alternatives that are not present in the set within which people have to choose in a specific social situation) for irrelevant alternatives, a subset of all conceivable alternatives. He was then able to present a possibility theorem. He also stressed that, with IAI eliminated, the acceptable procedures should process cardinal characteristics of individual preferences. Barberà also linked his argument with a traditional discussion of the attributes of democracy. He observed that, with the substitution of the condition of decisiveness for that of rationality, the social selection of one alternative cannot be justified as ‘better than’, but only as the result of a process of selection whose properties have been previously considered acceptable (Barberà 1976).

We can try to translate this latter conclusion in social choice theory into more traditional political theoretical terms. The possibility of guaranteeing an acceptable alternative for a function of aggregation of preferences implies a relaxation of the conditions of acceptability, in such a way that only a procedural but not a substantive (socially consistent or rational) justification of the process can be advanced. Accordingly, we can interpret social choice to be legitimate, not because of its own qualities, but because it has been produced by a legitimate decision procedure. That means, in some cases, that the procedure legitimizes choices that would appear to be illegitimate if they were selected by another procedure. As can easily be seen, this discussion is very close to some problems of normative theory concerning the substantive or procedural legitimacy of democracy.

But before proceeding to this point, it is worth mentioning some other theoretical discussions. Although many of these contributions by Spanish scholars have been published in English, from Spanish-published papers we can note the following. First, there has been some interest in preference conditions designed to avoid cycles and instability, which implies abandoning ‘the hardly justified hypothesis of equiprobability of all possible configurations of preferences’ (Barberà 1977). Second, it is possible to find some research on alternative formulations of processes of decision, in the form of proposals to replace the usual plurality procedure, such as voting by veto and probabilistic choices (Barberà 1984a). Third, increasing attention has been devoted to the above-mentioned strategic considerations in individual behaviour, moving to a close relationship between social choice theory and game theory, and making new room for analysis of bargaining and strategic equilibria (Barberà 1984b; Ricart i Costa 1988; Goméz-Pomar Rodríguez 1991).

1.2 Property rights

A different kind of contribution by Spanish authors to the problems of collective choice can be presented on the basis of their implicit or explicit rejection of Arrow’s Pareto optimality condition. We can justify this interpretation by taking seriously ‘the impossibility of a Pareto liberal’ held by Sen (1970b), that is, the thesis that the existence of absolute individual rights, such as property rights, is incompatible with the fulfillment of the Pareto optimality criterion in a social choice function. On the other hand, it should be noted that, from a liberal perspective, renouncing optimality and accepting majority cycles in collective choices, are seen as a safeguard for the individual in the face of majority coalitions.

The liberal defense of the absolute property rights of individuals can be found in several Spanish authors who deal with problems of collective decision. Specifically, Pedro Schwartz and Alfonso Carbajo have defended the inviolability of property rights by arguing their compatibility with some efficiency criteria on the basis of the Coase theorem. As is widely known, this theorem states that externalities and other market failures, that is, a lack of efficiency in social choice by the way of perfect competition, can be avoided if two conditions are fulfilled: there is a clear delimitation of rights, and no transaction costs exist (the latter including search and information costs, bargaining and decision costs, policing and enforcement costs). Schwartz and Carbajo offered the literal interpretation that, with the fulfillment of those conditions, and ‘without administrative intervention to correct the supposed defects of the market, producers and consumers of an externality could reduce it to the optimal level by an agreement in mutual benefit’ (1981).

In an earlier article, Antonio Camacho (1976) presented a similar interpretation on the market conditions of optimality, but he qualified the Coase theorem as ‘a trivial tautology’ because, in his opinion, it would not be able to solve the problem of choosing between all the optimum situations.

Some recent comments by R.H. Coase himself on the extensive discussion of his theorem might help evaluate these interpretations. According to the author, his ‘argument [has not], for the most part, been understood’ (Coase 1988: 1). As Coase clearly stresses, in examining what would happen in a world in which transaction costs were assumed to be zero, he did not try to describe what such a world would be like, but to make clear the fundamental role that transaction costs do – and should – play in the functioning of
political and legal institutions. As a consequence, some inefficiency would be
unavoidable with any absolute defense of property rights.

Reverting to an earlier theme, that would again mean that some irrational-
ity of social choice must be accepted, even if this is created by the very
institutions built to avoid transaction costs (including rules and regulations
that create markets), which always breaks any of Arrow's conditions.

Related to this discussion, at least two other recent collections of essays
on property rights from the 'economic' or rational choice approach must
be mentioned. Edited respectively by Francisco Mochón (1990) and Rafael
Rubio de Urquía (1991), they contain references to the classics, discussion
of recent theories, considerations of different ethical values, and several
applied analyses. More specifically, the 'market of ideas' or analysis of
rights to free speech, which often produce great externalities, has also been
studied specifically in this approach (Salvador 1991).

1.3 From economics to political science

All of the above mentioned Spanish contributions to the problems of social
choice and public choice theories tend to create a close relationship between
the 'economic' approach to the analysis of human behaviour and some of
the traditional subjects of political science. Two early responses from the
narrow ranks of the discipline deserve our attention.

The first is a long article on 'the new political economy' from the perspec-
tive of political science written by Francisco Murillo Ferrol (1975). Murillo
promoted an interdisciplinary effort to 'vindicate for political science in
Spanish a field already very much ploughed by other social sciences'. Conse-
sequently, he detached himself from the more traditional and influential socio-
logical approach to politics, which he charged with ignorance of the social
and political role of conflict, a conservative bias, and poor hypothetical-
ductive and explanatory theory. After presenting some basic contributions
by Kenneth Arrow, James Buchanan and Mancur Olson, Murillo formulated
a dilemma closely related to the questions we have presented above: 'Happiness
for all, even if that means sacrifice of some level of welfare for one or
several men? Or to assume that the individual has a set of inviolable rights
which cannot be transgressed, not even to achieve some net increase of social
welfare?' But what is more interesting is that he made an early proposal for a
joint research program between economists and political scientists, to
examine the relations between politics and public finance, the electoral sys-
tem and tax systems, political values and income distribution, and the social
effects of public expenditure and externalities.

The other notable contribution is that by Antoni Casahuga, who translated
into Spanish and edited many basic texts of social choice and public choice
theories, and also offered his own independent contribution (Casahuga 1980,
1985). Echoing some well known remarks by Gary Becker (1976), Casahuga
observed that economic theory is becoming a general theory of human behav-
ior and interaction, while the other social sciences remained at a more
descriptive level. But he also stressed that traditional analysis of markets
made way for the analysis of behaviours in other contexts, such as the
political context, breaking down academic boundaries between disciplines.

Linking the work of Casahuga to the key problems presented above, we
may say that presented a first explicit acceptance of cycles and irrationali-
ties in the political or collective decision process. In his analysis of the literature
following Arrow's theorem, he emphasized the danger of relaxing the condi-
tion of non-dictatorship, implicit in the old and new welfare economics and
in some neo-utilitarian criteria of justice. 'The economist-philosopher', he
wrote, 'substitutes the policy-maker as a benevolent dictator, obliging him
to assume the role of God' (1985: 129–130). And given the difficulties of
finding a way out of Arrow's dilemma experienced by attempts to relax other
conditions for an acceptable social choice function, such as IAI or Pareto
conditions, he openly proposed accepting the conclusions of Arrow's theo-
rem, specifically the unavoidability of cyclical majorities in democracy (in
other words, eliminating the condition of rationality or decisiveness of social
choice).

Two lines of research take on importance from this perspective. The first
is the study of rules and institutions that induce agreements between parts
in unavoidable social conflicts. Casahuga observed that this problem can be
identified with the choice of decision rules at the most general level, or with
constitutional choice (the subfield developed by Buchanan and Tullock 1962).
The second is the study of real irrationalities that often appear in the political
process and to which institutions try to respond: electoral abstention, reduced
role of ideologies, ambiguity of politicians, political ignorance of voters,
strong action of pressure groups, all of them analyzed on the assumption of
rational behaviour of individuals (following the seminal work of Downs
1957).

Other publications show a growing interest in the rational choice approach
in economics and politics in recent years. Some introductions to translations
of reference works include critiques of the available literature, as well as
suggestions for further research: note, in addition to the cases cited above,
those by Casahuga on theories of bureaucracy (1978); Tomás Esteve Serrano
on the economic analysis of collective choices and democracy (1978); José
Casas Pardo and Segundo Bru on constitutional political economy and other
contributions by the economic 'School of Virginia' (1984, 1988); and Col-
omer on contributions by the political 'School of Rochester' on collective
actions and public goods, electoral competition, coalitions and voting
(1991a). More personal interpretations can be found in surveys of public
choice theory by Ricardo Calle (1986), focusing on public finance; in several
brief books such as those by Colomer (1987), where some conceptional
findings of classical utilitarianism are linked to current rational choice theo-
ries; and in Moldes Teo (1987) and Juan F. Corona (1987) who focus on
failures of the market and public sector. However, as one of the surveys
2. Applied analysis

In this section I survey applications to political subjects that use the analytical tools of the rational choice approach. While many of the writers under review have also published in English, limiting the field to literature in Spanish allows us to identify the work devoted to the analysis of political phenomena in Spain. The discussion is divided into the following parts: constitutional choice, institutional operations, political-economic cycles, and collective action. It is interesting to observe the absence of work directly influenced by the spatial models of electoral competition originated by Anthony Downs (1957), by contrast with the abundance of electoral sociology, devoted to establishing correlations of social variables with behaviour of voters.

It is also the case that very little work has been done on the ‘economic’ approach to Spanish constitutional choice, contrasting here with the oceanic amount of legal exegesis of the constitutional document written by jurists. However, the constituent process that led to the approval of the Constitution of 1978 is a very good example of contractarian agreement among actors characterized by a strong risk-aversion behaviour, and a recent co-authored article by José Casas Pardo offers a promising analysis using the perspective of new constitutional political economy. The article also provides an original kind of test for the usefulness of the rational choice approach in applied analysis. It focuses on some constitutional elements, such as the rules of the free market and the definition of public interest, the economic Constitution, requirements concerning taxation, federalism ‘under another name’ (autonomous communities), and bicameralism. In their conclusions the authors stress some constitutional ambiguity in the decentralization framework and in the specification of the domain of public sector activity. But they interpret this lack of clear rules as the other side of the mostly peaceful transition to democracy in Spain, and of the popular consensus supporting the Constitution (J. Casas Pardo & G. Brennan 1991).

More work has been done on the paradoxes and irrationalities of democratic choices or the ‘post-constitution’ period. Most of the studies examined below focus on the real working of democratic institutions and the strategic behaviour of political actors in the context of those institutions.

Several pieces are devoted to aspects of the political process in Catalonia. Francesc Carreras has co-authored an article presenting a formal analysis of coalition formation and voting in the regional Parliament of Catalonia, using the theory of cooperative games and power indices (F. Carreras & G. Owen 1988). Francisco Valera and Juan F. Corona apply some ideas on rent-seeking and federalism to evaluate the decentralisation process (1987). They observe that the decentralisation of competences from the central administration to the ‘autonomous communities’, as in the case of Catalonia, has led to some perverse results: duplication of public expenditure; transformation of competences that were secondary when they were under central jurisdiction into primary competences for the regional government, thus increasing the global degree of regulation; a high level of fiscal illusion among tax-payers, given the monopoly of tax collection by the central administration; and an increase in the opportunities for action by pressure groups. Their conclusion is that decentralisation leads paradoxically to a higher level of global public expenditure in Spain.

Carlota Solé and David Laitin use game theory to analyze the linguistic policy of the nationalist Catalan government, a policy which promotes the Catalan language. They build several games of linguistic behaviour: between autochthonous Catalan-speaking people and immigrant Spanish-speaking people in Catalonia; between the former group and the central State government; between different groups of the autochthonous, and between different groups of immigrants, trying to show the internal social dynamics of every group in order to explain the wide acceptance of the promotion of Catalan language (C. Solé & D. Laitin 1985).

Another attempt to apply game theory to the analysis of recent political phenomena is that by Antoni Domènech on the legalisation of the Spanish Communist Party during the first phase of the process of transition to democracy. His rather surprising conclusion points to a lack of rationality in the calculus both of the reformist government and of the communist leaders in agreeing to the legalisation of the Party with the Communist acceptance of the Monarchy as a side payment.

Another set of essays deals with political-economic cycles. M.J. Lagares Calvo (1979) and E. Amor (1987) take some standard schemes of the relationship between the conjunctural economic cycle and the electoral cycle to contrast their findings in the case of Spain. Corroborating the results of studies in other countries, they conclude that in Spain during the democratic years, restrictive monetary and fiscal policies have been implemented immediately following an electoral victory, while the electoral years usually coincide with expansive trends of consumption and investment. In a more sociologically oriented study José Babiano and Leopoldo Moscoso (1991) try to relate the conjunctural results of economic policy or economic change to the level of social conflict. According to their interpretation, labour unions followed an offensive strategy when the primacy of political problems in the democratic transition ended and the economic recovery started in Spain in the middle of the eighties.

Some of these issues, together with aspects of the transition to democracy, and with democratic processes in Spain, are submitted more systematically to a formal analysis by Colomer (1990). By examining several episodes in
Spanish politics in the period 1976–1989, he presents a general panorama of ‘the Spanish model’ of transition to democracy, often seen as a source of inspiration for a peaceful process of political change in other countries.

Colomer uses formal models of rules and strategic voting to analyze the following key moments: the formation of the relevant political actors at the end of the authoritarian régime and the beginning of transition, according to their different orders of preference concerning the continuity of the dictatorship, the reform of the authoritarian framework, and the democratic rupture; the nomination of a reformist President of the Government by the authoritarian institutions; the political effects of the electoral system; the process of building constitutional consensus through voting trading; the referendum on the permanence of Spain in NATO; and some voting procedures in the democratic parliament. Colomer also uses several models of game theory, such as the Prisoner’s Dilemma, Chicken, and the Battle of the Sexes, to interpret other encounters between reformists and obstructors in the transition: these include the legalization of the Communist Party, the beginning of autonomy for Catalonia, the failure of a hard-line coup d’état in 1981, and the negotiations and strikes of labour unions in the face of the economic policy of the government. Less frequent schemes of games of three players are also used to analyze other conflicts: those between moderate nationalism, radical terrorism, and the regional policy of the central State in the Basque country; and that involving linguistic policy in Catalonia already noted above. Finally, cooperative games are applied to the processes of coalition formation in several regional and local governments where particularly perverse outcomes were obtained, such as victories for a party different from the one with a plurality of votes, shifting coalitions during a single legislative period, and migrations of legislators from one party to another.

The conclusions are that the variety of strategies, identified with negotiations and pacts among political elites, though leading to an effective transition that created consensus among the citizenry, also produce perverse outcomes in consolidated democracy and reinforce the autonomy of the political class. A more explicit connection with the more general and theoretical problems presented in the first part of this survey can be found through the references to the concept of structure-induced equilibrium and specifically to the work of Riker (1980, 1982) (also in Colomer 1991b.c).

The idea that the legitimacy of democracy is procedural rather than substantive reappears as a conclusion of the applied analyses of the real working of political behaviours and institutions. We can relate this second part of the survey to some questions from the first part. Theoretically the impossibility theorems demonstrate their robustness, but now we can see that the irrationalities of the collective processes of decision are veiled to the public’s eyes thanks to the intermediate role of real political institutions. Thus, applied analyses demonstrate the relevance, and confirm the validity, of some conclusions of pure theory, and the latter acquires greater interest in light of the new and often counter-intuitive interpretations of the real world phenomena that it can inspire.

Nevertheless, this rather optimistic theoretical conclusion is weakened by some embryonic attempts to avoid identifying theoretical consistency with ethical comfort. There are several pieces of work in moral philosophy that could be included in this perspective. But limiting the references to those more directly related to political studies, we can mention, as a sample, the following: Félix Ovejero Lucas (1989) tries to reformulate Socialism, Ecology and Feminism, accepting the challenge of methodological individualism which guides all the above-mentioned studies. Ovejero is able to use the simple structure of the Prisoner’s Dilemma to explain class struggle, capital destruction of the environment, the union of dominant classes, problems of coordination in Socialism, and organizational difficulties of alternative social movements. Introducing more complexity into the variety of tools employed, and adopting a more middle-of-the-road position, Fernando Aguilar (1990) and Ludolfio Paramio (1990) also start to rethink some basic theses of social democratic thought, such as the relationship between individual interests and collective action, the logic of cooperation, and the rationality of revolution. Spanish work also shows a clear connection with international intellectual developments in this line of research. Beyond the foundational frameworks of Mancur Olson (1965), the works of Jon Elster, Michael Taylor, Adam Przeworski, and the ‘analytical Marxism’ of John Roemer, all of which have been extensively translated, inspire this critical intellectual program.

References


