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THE PROCESS OF GOVERNMENT[1]

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I. INTRODUCTION

Suppose we have a corrupt city government, and we want to improve our understanding of the phenomenom of corruption. A naive explanation would be that corrupt acts are committed because corrupt men are in office.

This sort of statement, while very usual, will not help us to improve our understanding on the subject. There are too many questions that cannot be answered in such terms. What forms do the corruption take? To what extent is it carried? Why does it appear in one city and not in another? If we explain corruption in terms of corrupt men, we find ourselves building a set of problems in the background corresponding with the problems in the foreground, but not throwing any light upon the latter.

A more fruitful strategy consists to forget moral characteristics and to analyze the acts performed. To do this we must find out what circles of the population those activities represent in each case. We also must work them out in terms of other circles of men whom they injure, and we must get some measurement of the extent of the injury and their reaction against injuries of these kinds. When all this is done we will realize that we have learned much more about the phenomena under study than
crudely attributing municipal corruption to corrupt city officers.

Although this essay will not focus explicitly on corruption, the example, while trivial, clearly illustrates its center of interest: the so called interest-groups' approach to public policy. This approach can be traced back as early as the beginning of this century when *The Process of Government*, seminal book written by Arthur Bentley, was first published.

Arthur Fischer Bentley was born in Freeport, Illinois, October 16, 1870. When he was twenty years old he entered John Hopkins University, where he studied Economics and Sociology. After receiving his Ph.D. degree, he served for a year (1895-1896) as an instructor in Sociology at the University of Chicago. He gave up his teaching career in 1896, and worked as

a reporter and editorial writer for the Chicago Times-Herald and the Record-Herald for the next fifteen years. It was during this period that he wrote *The Process of Government* (1908), influenced by the political environment in the Chicago City Council where any discernible intellectualism was but a pale shadow of conflicting group interests.

In *The Process of Government* Bentley attacked vigorously and effectively, instincts, innate feelings and faculties, and even ideas or ideals, as causes of the behavior of government officers.[3] He characterizes the ***government*** as a ***process***, in which ***interest groups*** are the protagonists. Under this framework an ***interest group*** is a certain portion of members of a society taken as a mass activity, which does not preclude anyone who participate in it from participating in other groups. Every person has not one but many interests; and the more complex their culture becomes the more interests they have. In these terms a group and its activity are equivalent.[4]

For Bentley, there is no group without a specific interest. Such specific interest identifies a certain group. As the shared interest that defines a group declines, the group itself becomes weak and may even disappear. Interest groups are the raw material to the comprehension of government behavior, and they are the protagonists of the process of government.

This ***process*** is defined as the activity of the groups in their relation with one another; in these terms no group has any meaning except in its relation to other groups. Groups are in constant activity, pressing one another, cooperating, competing, forming offensive and defensive alliances, splitting apart, and disappearing, while new groups are being formed. Strong groups dominate, and delineate the existing state of society; state that under this framework has to be appraised as an equilibrium, given that it is the end result of the pressure exerted by a multiplicity of interest groups.[5]

The Process of Government was almost ignored by political scientists for two decades; since then, it has been rediscovered. By the fifties, empirical studies of the role of pressure groups in the legislative, judicial, and administrative processes and in molding public opinion had become a major preoccupation of political scientists. Unfortunately, these works were almost entirely devoid of theory; they usually looked for the beneficiaries of a given policy and proceeded to ascribe the existence of the policy to that interest group. They did not explain why some groups were effectively represented in the political process and others not; or what were the necessary conditions for a pressure group to be successful in obtaining favorable legislation.[6]

Since the early seventies some economists (e.g., Stigler 1971, Posner 1974, Peltzman 1976, Becker 1983 and 1985), members of the so-called Chicago Political Economy School (Tollison 1989), have followed Bentley's insights, beginning the challenging work of building a general theory able to provide conditions that favor the existence of successful interest groups and explanations of the tactics of the parties to the different regulatory policies.

Chicago Political Economy is a body of literature that analyzes government from the perspective of price theory and positive economics. Traditionally, the paramount role assigned by economists to government regulation was to correct the failures of the private market. Chicago Political Economy postulates the hypothesis that the premier role of modern regulation is to redistribute income. Under this approach the state is a mechanism used by rational economic agents to redistribute wealth. This redistribution is the essence of government behavior.

Chicago Political Economy began as a theory of economic regulation (Stigler 1971, Peltzman 1976), that is, as a theory of a limited subset of off-budget government. Since then, the Journal of Law and Economics have set forth the empirical findings and explanations of the adoption and workings of an

amazing large number of regulations.

A differentiation is sometimes outlined between the regulatory operations of the government and its fiscal operations, since a regulation only causes negligible effects on the governmental budget and a fiscal operation (taxation, borrowing and expending) generates large ones. This distinction cannot be preserved if we compare both types of operations from the perspective of their impact upon the economy, since a given tax or subsidy can aid or injure citizens in a similar way that a regulation induces a comparable redistributive effect. From this viewpoint, fiscal and regulatory operations are similar entities, susceptible to be explained by a similar theory of governmental activity.

Gary Becker has contributed to the development of that theory; his work directly supports Arthur Bentley's seminal book. While Becker is undoubtedly better known for his research on other topics such as crime and the family, his papers on the pressure-groups approach to public policy have contributed to expand the traditional domain of economics. The following section will be devoted to illustrate Becker's contributions to this exciting area of economic inquiry.

II. THE PROCESS OF GOVERNMENT REVISITED

Gary Becker (1983, 1985) formalizes Bentley's framework, extends the original analysis, and develops many empirical implications.

Becker assumes that individuals belong to particular groups, according to their common interests. These groups expend time and/or money on political advertising, campaign contributions, taking part in strikes, riots, terrorist acts, political assassinations, etc., in order to exert political pressure to gain, or resist, income transfers from other groups.

Competition among interest groups determines the equilibrium structure of taxes and subsidies of the society. This political-economic equilibrium has the property that all groups maximize the well-being of their members by exerting their optimal level of political pressure, given the behavior of any other group.

A nice feature of this framework is the fact that groups do not entirely win or lose, since taxed groups invest in political pressure to reduce their taxes until an additional dollar devoted for each member to that goal produces an effect on their well-being larger than that produced by the induced reduction on

their taxes. Since the government budget constraint indicates that the total amount raised from taxes has to equal the total amount available for subsidies, the successful groups are not completely subsidized either. This result differs from the all-or-nothing outcomes implied by majority rule models of political behavior where the majority wins and the minority fully loses.

Becker shows that the political-economic equilibrium depends on variables such as the efficiency of each interest group in producing political pressure, the dead weight (or social) costs and benefits of taxes and subsidies, and the size of the groups.

If a group increases its ***efficiency*** in producing political pressure, its optimal level of pressure would be raised for any level of pressure exerted by the other groups; because an additional dollar invested for each of its members to that goal would produce now a larger effect on their well-being. Consequently, it could reduce its taxes or increase its subsidies. A clear example of this fact is provided by an interest group that becomes more successful in the control of free riding. Each member of a group has an incentive to free ride; it is said, to evade his duties by imposing the burden of producing political pressure on the rest of the members. The larger the group, the more important the problem, since it will

be more costly to control the member's assignments.

If a group obtains a greater success at controlling free riding, then an additional dollar invested for each of its members would produce a larger effect on their well-being; because a smaller proportion of the marginal dollar would have to be devoted to the control of free riding and a larger to direct political activity. This fact would increase the optimal level of political pressure exerted by the group for any level of pressure exerted by any other group, which would improve its political success.

Since the total amount raised from taxes has to equal the total amount available for subsidies, it is not possible to improve simultaneously the political achievement of all groups. Therefore, the political success of a particular group is not determined by its absolute accomplishment in the control over free riding, but for its relative accomplishment with respect to the rest of the groups. If every group becomes more efficient in its control, then the political-economic equilibrium would not be largely modified.

An interesting derivation of this reasoning is that a group would be highly subsidized, just because even though it cannot control free riding very well it controls free riding much better than other groups.

Public policies would produce ***dead weight costs*** that have no corresponding benefits to any party directly involved. These costs are originated on the distortions induced by the transfers embodied in these policies by the economic decisions of the agents (e.g., a subsidy would induce its recipient to work less in order to consume more leisure, a regulation that increases the income of farmers through restrictions on the use of land would generate inefficient farming practices, a tax on labor would reduce the labor supply).

Dead weight costs would reduce the political pressure exerted by subsidized groups because a given revenue from taxes would yield a smaller increase in their incomes (e.g., one additional dollar on subsidies would induce its recipient to work a little less in order to consume more leisure; thus, his income would increase less than one dollar).

By contrast, dead weight costs would increase the pressure exerted by taxpayers because they would cause a reduction of their incomes larger than the tax revenue (e.g., one additional dollar on labor taxes would motivate an employee to work less, which would reduce his income more than one dollar).

Therefore, an increase in the dead weight costs of taxes and subsidies would modify the political-economic equilibrium by reducing the transfers to the subsidized groups. The size of

these transfers is limited by the fact that dead weight costs usually increase with the magnitude of the transfers. The findings of many empirical studies seem to be consistent with these predictions.

Under Becker's framework a dichotomy does not exist between the traditional view that governments correct market failures and the modern view that they favor successful interest groups. Actually, as Becker shows, the same analysis of competition among interest groups is also useful to explain governmental policies that correct market failures.

A typical illustration of these failures are externalities. An economic situation involves an externality if one agent cares directly about another agent's production or consumption. For example, a consumer would have strong preferences about the amount of pollution produced by automobiles. Similarly, a fishery cares about the amount of pollutants dumped into its fishing area, since they will negatively influence its catch. The crucial feature of externalities is that there are goods people care about that are not sold on markets.

While the existence of externalities is, under the traditional view, an example of why a government ***must*** intervene; it is, under Becker's framework, a fact that would explain ***actual*** government behavior.

Public policies that correct market failures (like externalities) induce social benefits rather than social costs. Therefore, they would increase the political pressure exerted by benefitted groups because they would yield a larger increase in their members well-being than the originated on the given revenue from taxes; by the same token, it would decrease the pressure exerted by taxed groups because it would induce a reduction in their members well-being smaller than the originated on the tax revenue. This characteristic provides the groups benefitted by this policy with an intrinsic advantage compared to the groups harmed; therefore, policies that correct market failures are likely to be selected.

Quite frequently we hear that the ***size of a group*** is an important factor in discovering its political success, since small groups are at a disadvantage because they do not have enough votes. There is lot of evidence against this statement; it can be traced back to Bentley's work.[7] The agricultural sector provides a representative piece of that evidence. Agriculture is often heavily subsidized in industrial countries (e.g., the United States, European Communities, Japan) where it is, in relative terms, a small sector.[8] By contrast, it is frequently heavily taxed in underdeveloped and developing countries, where it is a large sector.[9] Becker's findings are

consistent with this type of evidence, since under his framework politically successful groups tend to be smaller than the groups taxed to pay their subsidies.

Under Becker's framework an increase in the size of an interest group would produce two effects: i) It would affect its efficiency in producing political pressure; ii) It would reduce the dead weight costs of its taxes or subsidies.

An increase in the size of a group would affect its efficiency in producing political pressure because, on the one hand, it would increase the cost to control free riding, and on the other, it would allow the group to take full advantage of economies of scale (e.g., in a very small group every member has to perform every task, so a modest increase in its size would allow its members to specialize, which would increase its efficiency in producing political pressure).

As Becker argues, when the group is very small the second effect would usually prevail since economies of scale are important and free riding easily manageable. When the size of the group increases the relevance of the effects would reverse because free riding would become a problem and the advantages provided by economies of scale would have been realized. Finally, after some point, both effects would become unimportant since further increases in size would induce little additional

scale effects or free riding.

Regardless of the effect of the size of a group on its efficiency, a subsidized group would prefer to be financed by a large number of taxpayers because an increase in the size of the taxed group reduces the tax required on each member to obtain a given revenue. This fact would cut down the dead weight costs of taxation, reducing the political pressure exerted by the taxpayers. In summary, Gary Becker has contributed to eliminate the dichotomy between the traditional view that governments correct market failures and the modern view that they favor successful interest groups. Under his framework political pressure tends to be greater by more efficient interest groups, by subsidized groups with small dead weight costs and by taxed groups with large dead weight costs; these costs do not only limit the relative size of the successful groups but also the size of the subsidies that they seek.

The interest-groups theory of government is quite old. Gary Becker has rejuvenated it, by extending Bentley's analysis, developing many empirical implications, and motivating further research in the area. The following section will just discuss one particular line of research, even when the Bentley-Becker approach motivates many others.

III. DISCUSSION

The common denominator of most of the empirical works on the interest-groups approach to public policy has been their focus on the government's microeconomic policy in general and on regulations in particular. In contrast, consideration of the government's budgetary activity has been very limited; this section will be devoted to discuss this issue.

Democracy, while highly desirable, does not represent an appropriate description of the political regimes that have ruled most countries in the world during a large part of this century.[10]y Actually, during this historical period democracy should be considered an exception rather than be characterized as the rule!

This fact highlights one major attribute of the interest groups theory of government--its usefulness to explain public

policies not only under democratic regimes but also under totalitarian ones, since it focuses on pressure groups instead of voters, politicians and political parties. Under Bentley's framework it is not fair to talk of despotisms or democracies as though they were absolute distinct types of governments. All depends on the given interests of each despotism and each democracy, their relations, and their methods of interaction.[11]

However, the political success of particular interest groups is sensitive to the characteristics of the political regime, because they influence the rules under which the groups compete.[12] For example, a usual form of restricting the extent to which popular will is reflected in decision-making institutions consists of blocking access to the political process from part of the population;[13] South Africa gives us a clear illustration of this practice. In South Africa a substantial part of the residents of the geographic area lack political rights;[14] the elimination of this form of discrimination should sharply affect the rules of the political game. Therefore, making it possible to predict changes in its outcome. This fact is one of the most critical factors in the white opposition to the complete elimination of the political restrictions on the black population.

In these terms, a change of political regime will bring up

a new political-economic equilibrium, since it will alter the rules under which the different interest groups compete;[15] this fact should be reflected by changes in governmental policies.

Actually, many Latin American countries present regularities consistent with this hypothesis. For example, as Martin Paldam (1987) reports, inflation usually has followed a different path under military and civilian regimes.

Table 1 summarizes Paldam findings. They are suggestive; a clear difference is observed in the behavior followed by the inflation rate under the two types of political regimes;[16] inflation usually has grown under civilian regimes (11 of 13 cases) and declined under military ones (5 of 5 cases).

TABLE 1: Inflationary Levels and Trends Under Civilian and Military Regimes, 1946-1983.

Levels	Civ.	Mil.	Trends	Civ.	Mil.
Low	5	3	Down	0	**5**
Average	8	4	Uncertain	6	4

High	*	4	*	4	5 Up	*	**11**	*	2
	*		*		5	*		*	

Source: Martin Paldam, 1987.

A similar regularity is provided by David Greenaway and Chong Hyun Nam (1988), who examine the role of international trade in the process of industrialization and development. In direction to this goal Greenaway and Nam classify the 41 developing countries considered in terms of their development strategy.

Table 2 provides the classification produced by the authors for the Latin American countries included in their sample. Only two countries, Chile and Uruguay, present a significant shift in their development strategy between the two periods of analysis; in both of them a change of political regime (a successful military coup d'etat) was verified in 1973.

TABLE 2: Classification of Latin America Countries in Terms of Their Development Strategies, 1965-1973.

Strategies	1965-1973	1973-1985
Strongly outward oriented	-----	----
Moderately outward oriented	Brazil, El Salvador, Costa Rica, Guatemala	Brazil, **Chile**, **Uruguay**.
Moderately inward oriented	Bolivia, El Salvador, Honduras, Mexico, Nicaragua.	Costa Rica, Colombia, El Salvador, Honduras, Guatemala, mexico, Nicaragua.
Strongly inward oriented	Argentina, **Chile**, Dominican Republic, Peru, **Uruguay**.	Argentina, Bolivia, Dominican Republic, Peru.

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Source: David Greenaway and Chong Hyun Nam, 1988.

Similar regularities can be found if we perform a case study, centering our attention on the economic history of an individual country. A nice example of this fact is provided by the economic history of Argentina, where the commercial policy seems to have been modified after changes of political regimes during at least 30 years.

In order to illustrate this regularity, I will make use of an indicator proposed by Carlos Diaz Alejandro (1981)--the coefficient of protection. Diaz Alejandro defines this coefficient as the ratio of the internal to external terms of trade faced by a country; a value of the coefficient smaller than one indicates the existence of an inward looking development policy, the smaller the coefficient the higher its intensity.

Table 3 summarizes the relevant information provided by this indicator. During the 30 years since the end of the Second World War the coefficient of protection has grown systematically under military regimes and declined under civilian ones.

TABLE 3: Coefficient of Protection, 1946-1975.

Period	Regimen	Average	Trend
1946/1955	Democratic	0.44	.....
1956/1958	Military	0.73	Increasing
1959/1961	Democratic	0.71	Decreasing
1962	Military	0.74	Increasing
1963/1966	Democratic	0.65	Decreasing
1967/1972	Military	0.69	Increasing
1973/1975	Democratic	0.58	Decreasing

Source: Edgardo Zablotsky, September 1992.

These sort of regularities motivate the search for a test of the influence of changes in the rules of the game on the political-economic equilibrium. Were it possible to sustain the hypothesis that a change of political regime would have associated changes in the political-economic equilibrium that would not be verified after just a change of ruler (remaining

unaltered the characteristics of the regime), it would be an additional piece of evidence in support of the Bentley approach to public policy.

In direction to this goal, I have proposed a crude index that would reflect changes in the outcome of the political game, and I have evaluated how well it reflects different types of changes of government.[17] This indicator was suggested by Eliakim Katz and Jacob Rosenberg (1989) as a quantitative measure of the proneness of a country to respond to pressure groups in determining the composition of their spending. Under the assumption that every change in the proportion of the government's budget spent for a given purpose occurs as a result of the pressure exerted by interest groups, changes in the outcome of the political game would be reflected by increases in the index. In these terms, it is expected that the index will be able to identify changes of political regimes but not changes of rulers.

I have produced time series of the index for 15 countries, and I have analyzed 30 changes of government. Table 4 summarizes the information provided by that study.

TABLE 4: The Bentley Approach, Some Empirical Support.

Type of change of government	Index was increased	Index was not modified
Changes of regimes:		
Military coups d'etat overthrow democratic regimes	5	1
Democratic regimes are restored	5	2
Mass revolutions	1	0
Total	**11**	**3**
Changes of rulers:		
Military coups d'etat overthrow military regimes	1	3
Democratic presidential transitions	2	10
Total	**3**	**13**

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Source: Edgardo Zablotsky, June 1992.

While very preliminary, the evidence looks promising; the index was increased significantly after changes of political regimes in 79 % of the cases, but it was mostly unmodified after changes of rulers in 87 % of the cases.

A better understanding of the process of government is an essential requirement to achieve a better understanding of economic life. This is a major motivation for further research in this exciting area of inquiry; motivation that already inspired Arthur Bentley's seminal work close to a century ago,

"If I may be pardoned a remark from my own experience, I will say that my interest in politics is not primary, but derived from my interest in the economic life; and that I hope from this point of approach ultimately to gain a better understanding of the economic life that I have succeeded in gaining hitherto."

(Arthur Bentley, 1908, p. 210)

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NOTES

1. Printed with permission from the Center for Macroeconomic Studies of Argentina.

2. The author is Assistant Professor of Economics at the Center for Macroeconomic Studies of Argentina, CEMA, Buenos Aires.

3. "A man is kind, or violent, or careless, or smooth, or stupid, or dishonest, or tricky, or insincere, or clever, or trustworthy; or, more generally, good or bad, wise or foolish. These are his qualities. They designate him. They are put forth not merely as habits of action, labeled by us, but as his very personality. All this is the current life of one man, judging the others around him. Out of material of this kind we have built up many theories of the causes of man's

activities in society... We find that if we are going to use this soul-stuff to explain social activities we must be able to show either qualitative changes in it, or quantitative increase of some forms of it, or our explanation will come to nothing. What is more, we must show this in some other way than by mere inference from the facts we propose to explain. If we are going to infer a soul quality from the social fact and then use the quality to explain the fact, we put ourselves on a level with animists in the most savages tribes. A branch falls. It was the life in it or behind it that threw it down. Thunder peals. It is a spirit speaking. The grain grows. It is the spirit of the corn pushing it up. The man is a slave. It is because such is his nature... We pass child labor laws. It is because we will not tolerate abuses our fathers tolerated. That man is a boss at the head of a corrupt machine. It is because he is dishonest by nature. This man wrote a great book. It is because he had a giant intellect. The stick, the storm, the crop need no spooks to explain them. The child labor laws, the sparing of animal life, the corrupt politics, and even the great book will not be explained while such spooks interfere." (Arthur Bentley, 1908, pp. 5, 19)

4. "If we take all the men of our society, say all the

citizens of the United States, and look upon them as a spherical mass, we can pass an unlimited number of planes through the center of the sphere, each plane representing some principle of classification, say, race, various economic interests, religion, or language... Now, if we take any of these planes and ignore the others, we can group the whole mass of the sphere by means of an outline or diagram traced upon the circle which the plane makes by its intersection with the sphere, and by partition walls erected on this outline at right angles to the circle... Similarly, by means of some other plane together with partition walls perpendicular to it, we can group the whole population on a different basis of classification: that is to say, for a different purpose. Assuming perhaps hundreds, perhaps thousands, of planes through the sphere, we get a great confusion of the groups. No one set of groups, that is, no set distinguished on the basis of any one plane, will be an adequate grouping on the whole mass." (Arthur Bentley, 1908, p. 208)

5. "The phenomena of government are from start to finish phenomena of force... Pressure is always a group phenomenon. It indicates the push and resistance between groups. The balance of the group pressures is the existing state of

society. Pressure is broad enough to include all forms of the group influence upon group, from battle and riot to abstract reasoning and sensitive morality... It allows for humanitarian movements as easily as for political corruption. Groups exert their pressure, whether they find expression through representative opinion groups or whether they are silent, not indeed with the same technique, not with the same palpable results, but in just as real a way. (Arthur Bentley, 1908, pp. 258-259)

6. "It is, of course, a weakness rather than a strength in a theory that it is so elastic as to fit any body of data with which it is likely to be confronted. The political science theory of regulation is such a theory." (Richard Posner, 1974, p. 343)

7. "First of all, the number of men who belong to the group attracts attention. Number alone may secure dominance. Such is the case in the ordinary American election, assuming corruption and intimidation to be present in such small proportions that they do not affect the result. But numbers notoriously do not decide elections in the former slaves states of the South. There is a concentration of interest on

political lines which often, and indeed one may say usually, enables a minority to rule a majority." (Arthur Bentley, 1908, p. 215)

8. "In the United States, the government pays farmers not to grow grain; in the European Communities, farmers are paid high prices even if they produce excessive amounts. In Japan, rice farmers receive three times the world price for their crop; they grow so much that some of it has to be sold as animal feed at half of the world price... The main objectives of agricultural policies in industrial countries are to stabilize and increase farmers' incomes and slow the migration of people out of the sector." (World Bank, 1986, p. 110)

9. "Paradoxically, many countries which have been stressing the importance of agricultural development have established a complex set of policies that is strongly biased against agriculture. Thus, some developing countries impose taxes on agricultural exports while lamenting the adverse impact of declining commodity prices on the farm sector. Some pay their producers half the world price for grains... Many subsidize consumers to help the poor, but end up reducing the incomes of farmers who are much poorer than many of the urban consumers

who actually benefit from the subsidies. Most developing countries pronounce self-sufficiency as an important objective, but follow policies that tax farmers, subsidize consumers, and increase dependence upon imported food." (World Bank, 1986, p. 61)

10. "Most governments in the world today are dictatorships of one sort or another... The average person in our society knows of dictatorships, or autocratic governments, only that they are bad things. I don't deny that they are bad, but they are very, very common." (Gordon Tullock, 1987, pp. 1, 12)

11. "Suppose now we take a general formation of interest groups, such as we know in our existing European and American countries; countries, that is, on a large scale, with a great complexity of interest groups which manifest themselves in politics... It is evident that within this range of nations the tripartite division into monarchies, aristocracies, and democracies has absolutely nothing whatever to bring to us in the way of making our material better capable of analysis and study. We must examine these governments with reference to the ways the interests work through the government, with

reference the technique they follow, and to the special kinds of groups, or organs, which exist to reflect them and to harmonize them." (Arthur Bentley, 1908, p. 305)

"All political systems, however, including dictatorial as well as democratic systems, have been subject to pressures from special interest groups that try to use influence to enhance their welfare." (Gary Becker, 1983, p. 375)

12. "Suppose, for example, we take a modern battle, and note that it is fought, not with complete abandon, but under definite limitations which forbid certain cruelties, such as the poisoning of springs, the butchery of the wounded, firing upon Red Cross parties, the use of explosive bullets, or the use ballon explosives. Or suppose we take a political campaign, and note that in one country the contestants use methods which are not used in another. The Cuban liberals used methods against President Palma which are not resorted to be in the United States... There are rules of the game in existence, which form the background of the group activity. There is no savage tribe so low but that it has rules of the game, which are respected and enforced." (Arthur Bentley, 1908, p. 218)

"Groups compete within the context of rules that

translate expenditures on political pressure into political influence and access to political resources. These rules may be embodied in political constitutions and other political procedures, including perhaps rules about the use of force to seize power." (Gary Becker, 1983, p. 374)

13. "The electorate never includes the whole citizenship. Always the minors are excluded, and usually all of the women. The criminal and insane elements of the population are excluded, and in most large modern states also some portion of the other adult males who cannot conform to fixed property or educational qualifications. In the United States property qualifications exist in some states, while on the other hand in many states they have been entirely abandoned, and indeed the electorate has been broadened to include males who are not, by legal definition, citizens. All of these tests and qualifications are themselves the direct result of group pressures." (Arthur Bentley, 1908, p. 425)

14. "Modern Israel and South Africa are also electoral, although in both cases a considerable number of the residents of the geographic area are not permitted to vote... The number is, of course, very much larger in South Africa than in

Israel. Israel has a Jewish population of about 3.5 million, and an Arab population of about 1,650,000. Of the latter, about 1.15 million live in the area conquered by Israel in 1967 and cannot vote. There are about 5.4 million whites with full franchise, and about 18 million blacks and Asians with either restricted or no franchise in South Africa." (Gordon Tullock, 1987, pp. 5, 14)

15. For example, a military coup d'etat that overthrows a democratic regime will alter these rules, since the immediate consequence of the overthrow of a democratic regime will be the establishment of a dictatorship; a situation which will drastically modify the structure of the political organization of society (e.g., the Parliament will be closed, the political parties and the labor unions proscribed, antigovernment demonstrations and strikes forbidden, etc.).

16. The levels do not reflect this fact since they are partly inherited from the previous regime.

17. The index is defined:

$$Index_t = 1/2 \; ' * S(t)_i - S(t-1)_i * \qquad i = 1...n$$

where $S(t)_i$, $S(t-1)_i$ are the proportions of the government's

budget going to purpose i in years t and t-1 respectively, and n is the number of categories in the budget. Then, its value in year t represents the total sum of the absolute changes in the proportion allocated to the different categories in year t over year t-1.