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Boekbespreking van: Budgetary Decisions

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cultural theory. The importance of Hendriks' thesis does not so much lie therefore in an empirical test of a number of theoretical concepts or in an exploration of the relation between institutions and culture, but rather in the fact that it draws attention to a number of interesting themes in the political and policy sciences.

Oscar van Heffen

D.-J. Kraan, *Budgetary Decisions: A Public Choice Approach*. Cambridge University Press: Cambridge 1996

Budgetary Decisions is a revision of Kraan's dissertation *Budgetary Decisions: A Micro-Economic Approach to Allocation and Distribution in the Public Sector* (1990). The book offers an introduction to the positive theory of public choice. Kraan wrote his book while working in the Directorate General of the Budget at the Ministry of Finance. The book is highly recommended by Gerrit Zalm, Minister of Finance, and Gordon Tullock, the well-known Public Choice theorist. According to Kraan budgetary decisions are the output of the political system. He combines Easton's input-output theory of the political system with the individual rationality assumption of the public choice approach. In this respect his book is an innovative alternative for Van den Doel's *Democratie en welvaartstheorie*.

In the first chapter Kraan presents several perspectives on budgetary decision-making. The distinction between public choice theory and other theories is described with the help of three key concepts: rationality, competence, and strategic interaction. The rationality of decision-makers is defined as the capability to order individual preferences for potential consequences of choice alternatives in a consistent way. The competence of the decision-maker is the set of choice alternatives that is available to him. His competence is defined by legal rules and constitutional constraints. The notion of strategic interaction refers to the idea that individual decision-makers have a noticeable effect on the process. Game theory is used to analyze interactive decision-making.

In the second chapter Kraan describes the structure of the budgetary process. This structure is a schedule of the basic competence rules of the budgetary process in the parliamentary and presidential system. The third chapter illustrates the public choice theory of public goods and private goods. To analyze the optimum of the demand for public goods, Van den Doel's two-dimensional graph is replaced by a three-dimensional indifference surface. The mathematical appendix examines the n-dimensional Preference Function (PF) and shows that the PF has the characteristic of single-peakedness. Chapter four presents the cost and benefit analysis of supply in the public sector. In this chapter Kraan also displays several models that illustrate the strategic games that the bureaucrats and politicians play with each other. In chapter

five Kraan uses game theory and Duncan Black's theory of committees to characterize political decision-making. The single-peaked preference functions (PF) of politicians define the core of an N-person budgetary game. Chapter six elaborates the role of the bureaucrat in decision-making. The expectation of the outcomes of the political process and the interaction with other bureaucrats is part of his strategic behaviour. In Kraan's model the bureaucrats can choose between a monopoly strategy, a monopoly strategy with price discrimination, and a competitive strategy. The monopoly strategy in the budgetary game for public goods does not always lead to a stable result (i.e., the monopoly strategy does not guarantee the core as the solution of the game). The two other strategies can generate a stable outcome of the budgetary game. But according to Kraan, the monopoly strategy with price discrimination is not very attractive for bureaucrats, because it would benefit only a minority of politicians and therefore it would therefore undermine the functioning of coalitions of politicians. This means that bureaucrats have a strong incentive to choose the competitive strategy and offer their services at cost price. Chapter seven analyzes the institutional feasibility of those situations where the budgetary game does not result in a stable solution. Tullock's log-rolling equilibrium is not very robust if coalitions are allowed to finance increases of outputs with decreases of other outputs. If a coalition accepts the rule of non-intervention a stable solution will occur. The agenda rule of non-intervention is an institutional option to reach an equilibrium on the level of the budgetary committee. The downside of this rule of non-intervention is, however, that it can reduce the level of social welfare of society at large. The last chapter, chapter eight, looks at ways to reform the budgetary decision-making, such as better information about the financial management of government, and several types of privatization. Kraan concludes his book with a positive judgement of public choice theory as a tool to analyze the problems of budgetary decision-making and to develop solutions of these problems. His work in the Directorate General of the Budget at the Ministry of Finance enables him to see that the fruitful ideas of public choice theory have not entered the official documents. But Kraan hopes that his book will make a contribution in budgetary decision-making.

Kraan's purpose was to write a systematic introduction to the budgetary process, a subject of public choice theory. He succeeds in presenting such an introduction: the book presents the theory of public choice very adequately and gives the reader a good idea what the relevant discussion is in this field of public choice theory. I doubt that 'the only desirable prerequisite is an elementary knowledge of microeconomic theory' because some analyses go beyond the elementary level. In short, this is a good public choice book written for public choice theorists by a public choice theorist. A political scientist on the other hand, will not always be satisfied with this book. He would criticize Kraan for not giving us a first-hand, insider's view of how budgetary decision-making really works in the Ministry of Finance. The models, graphs, and ideal points of actors in a three or more dimensional utility space will not convince political scientists that public choice is a useful approach for an empirical study of

this kind of political decision-making. The actors in Kraan's book are simply too good to each other; they all are involved in a cooperative game. In reality actors are usually involved in a non-cooperative (zero-sum) game. This view of political scientists is relevant, because, according to Gordon Tullock, in his Foreword to this book, 'Public Choice should be a tool for improved management of the government'. Management seldom aims to reach the common good: most of the time management is about outsmarting the other, and if nothing else works: shake the tree and see who falls to the ground. In other words, compared to the political struggle over the budget, a catch-as-catch-can fight looks more like a very civilized tea party. Kraan shares the ideas of Buchanan and Tullock that public choice theory is a positive economic theory. However, since the real actors in actual decision-making do not resemble the assumptions underlying the public choice models, this approach is normative. It establishes normative criteria for priorities, rules of the game and methods of aggregating individual preferences. This study of budgetary decision-making gives a perspective on how the bureaucrats, citizens, and politicians should act to achieve a stable solution. This knowledge gives us a Platonic perspective on reality, which is useful in its own right, but I have doubts as to whether it will ever be a useful tool for the actual management of government.

Huib Pellikaan

A. Hoogerwerf, *Geweld in Nederland (Violence in The Netherlands)*. Van Gorcum, Assen 1996

Violence is a relatively neglected subject in political science. Political scientists live in an intellectual world where violence lacks the status of an independent category. In the mainstream of Western political thought, violence is viewed as an unfortunate but sometimes necessary means to secure political ends. Hoogerwerf's book on *Violence in The Netherlands* is situated in this mainstream. Although the author clearly recognizes the difference between instrumental violence, expressive violence and ritual violence (p.23), his theoretical approach is limited to the first type of violence in that it assumes violence to be the 'ultimum remedium' in human relations (p.28). It is assumed that not only the author himself, but every human being wants to avoid violence. Without this assumption the theory of Thomas Hobbes would have no basis. Why should men want to prevent the war of all against all unless violence was conceived as an excessively heavy expense in the human accounting system? Hobbesian man has a profound aversion towards violence and would much rather live in a permanent state of subjection than in a permanent state of war. Hence violence belongs to the pathology of politics, to borrow a book title of Carl Friedrich. In the short summary of considerations on violence in political thought (chapter 10)

this liberal view predominates. Of course, Hoogerwerf mentions Rudolf Steinmetz' *Philosophie des Krieges*, in which war is considered from a social-Darwinist perspective as a common good; he also mentions Georges Sorel's *Reflexions on Violence*; he even cites Joseph Goebbels' statement on total war. But all this remains very marginal and is not discussed seriously. In fact, a whole tradition in Western thought from Joseph de Maistre and Marquis de Sade, to Filippo Tommaso Marinetti and Benito Mussolini is neglected.

Bearing in mind this restriction, Hoogerwerf's treatment of violence in *The Netherlands* is competent, erudite and inclusive. There is not an article that has been written on the subject that is not summarized in this book; not a single empirical data set is bypassed in Hoogerwerf's survey of literature. The reader gets a helicopter's view of what has been discussed and investigated in *The Netherlands*.

The book contains a general theory of violence by assuming that violence springs from extreme circumstances. When cultural differences between groups are great, when the distribution of wealth is unequal and when social disintegration increases, violence becomes more likely (p.31). The author discusses culture and violence; inequality and violence; social cohesion and violence (chapters 4 to 7). Subsequently the impact of political regimes on the outbreak of violence (chapter 8) and the consequences of violence for the victims, the perpetrators, and society as a whole (chapter 9) are discussed. In these chapters an impressive amount of empirical evidence is evaluated, in the course of which, however, it becomes clear that, even within the paradigm of the Enlightenment thought, the number of different and sometimes contradictory theoretical explanations is immense. For example, the increase of extreme right-wing violence is related to the (electoral) support of extreme right-wing parties (p.84). Yet the increase of extreme left-wing violence is explained by the very lack of support and the resulting isolation of the movement (p.88). At one point it is assumed that violence is related to the imbalance between increasing social equality and the increasing economic inequality (p.61); at another point it is maintained that violence tends to pop up when the power balance is felt to move in an unfavourable direction (p.35). I am not arguing here that the different theoretical models are necessarily incompatible. It does show, however, that the research on violence is still in its infancy and that even within the framework of liberalism it is far from easy to build a coherent 'overall theory'. It is here that I feel a little uneasy with the composition of the book. Even though the author clearly indicates that several quite different theoretical frameworks co-exist, the presentation of these different theories, and of the empirical data that have been collected on the basis of it, is such that the reader is easily led to the conclusion that a coherent body of scientific knowledge does exist and that only a few puzzles have yet to be solved. In other words, the book reads like a research proposal that lures the reader to believe that only time and money is needed to discover the sources of violence in contemporary society. This impression is reinforced by the last chapter which contains a series of suggestions for a government policy against violence. In the last chapter the liberal bias of the author is most clear. Being a liberal