

Pathfinder

CENTER FOR EDUCATION AND RESEARCH IN FREE ENTERPRISE
TEXAS A&M UNIVERSITY COLLEGE STATION, TEXAS 77843

September 1990

Volume 12, Number 4

SUPREME COURT PATRONAGE DECISION COULD HAVE FAR-REACHING EFFECTS

In June 1990, the United States Supreme Court rendered a decision that could seriously undermine the patronage system in hiring government employees. In a close 5-4 decision, Justice William J. Brennan, Jr., wrote: "The preservation of the democratic process is not furthered by these patronage decisions, since political parties are nurtured by other, less intrusive and equally effective methods."

Justice Antonin Scalia, in a strongly worded dissent, said that the court's decision is likely to have disastrous consequences for our political system. The editors agree with Justice Scalia. They will explain how and why the court's decision on patronage and the recent trend of selecting presidential candidates in primaries have reduced individual liberties in the United States.

An important feature of the two major political parties in the United States is that neither requires its members to hold and support any specific political objectives. Unlike political parties in Europe, the two American political parties have been loosely organized, heterogeneous and nonideological. The American political system has been criticized for its failure to produce "real" choices because of this institutional structure. We (the editors) think that the absence of "real" political alternatives in the United States has been a predictable consequence of its political institutions and a source of the strength of American democracy.

People have different views on any number of public policies. In the past, the party that selected

policies consistent with the preferences of the median voter won the election. That is, to satisfy their own self-interests, the party bosses had to seek candidates who could win, and select policies that would maximize votes. This is a significant point. It suggests that public decision makers captured rewards by adjusting their private objectives to the preferences of the median voter. Predictably, elections usually were close and political parties "failed" to offer real choices. This outcome, however, was not a weakness of the American political system; on the contrary, it offered strong evidence of its responsiveness to the individual preferences of American voters. In a European setting, policies pursued by any political party represent the preferences of the party's median member. Only by an accident could the governing party or the governing coalition then represent the preferences of the median voter.

Satisfying the preferences of the median voter does not mean satisfying all the people. In the market for private goods, each of us can adjust his or her spending at the margin. In the case of public goods, such an adjustment usually is impossible. For example, whatever the amount of schooling the government decides to produce, we all have to participate in financing it regardless of what we, as individuals, feel about the level of spending. Thus, satisfying the preferences of the median voter means that some people will think that we are spending too much money on education, and others will think that we are not spending enough.

Continued on next page



SEP 20 1990

From page one

The important advantage of the system, however, is that incentives to satisfy the median voter impose an external constraint on the behavior of public decision makers. This makes all of us less dependent on the subjective preferences of political leaders.

The absence of "real" choices in the American political system was a predictable consequence of the importance of the preference of the median voter. To be elected, the leaders of both political parties had to keep adjusting to changes in the median voter's preferences, which, in turn, gave the American people reasonable protection against the leaders' private objectives. As long as both parties sought a range of policies that would satisfy the median voter, there was no room for a third party in the American political system.

Presidential primaries became a major factor in choosing candidates in the 1960s. This and the Supreme Court's decision against using patronage in hiring government employees have weakened and will continue to weaken the relationship between the private objectives of public officials and the preferences of the median voter. Those changes, which many people refer to as "good" reforms, reduce incentives for both major parties to pursue the preferences of the median voter.

A major purpose of presidential primaries is to replace party bosses in the selection of candidates. The candidate is to be chosen by the rank and file rather than in "smoke-filled" rooms. Unless those who vote in the primaries are precisely those who vote in the presidential election, however, the candidate chosen in primary elections represents only the preferences of the median member of the group voting in the primary. Only by accident could this vote be consistent with the preferences of the median voter in that state or the country as a whole. Unlike the voting group in primary elections that promotes the candidate who reflects its political preferences, the party bosses operating in smoke-filled rooms have incentives to suppress their own private opinions and to select the candidate who is most likely to be acceptable to the median voter. The effects of presidential primaries then are to elect the candidate who is *less* removed than his opponent from the median voter's preferences, to make the political system less responsive to the preferences of the median voter, and to create room for a third party. The fact that election results since the early 1970s have been far from close is

the best evidence that presidential primaries ignore the preferences of the median voter.

A successful candidate can and does reward his supporters by appointing them to government positions. To capture the rewards of public office, the candidate's supporters must get him or her elected. Precinct captains, county chairpersons and party bosses at all levels find it in their own self-interest to choose a candidate and select a range of policies that reflect the preferences of the median voter. A major consequence of patronage then is to strengthen the relationship between the private objectives of party leaders at all levels and the preferences of the median voter. As the number of jobs filled by civil servants increases, at the expense of the number of jobs that candidates can promise if they win, the American political system will become less responsive to the median voter's preferences. As William Niskanen argued many years ago, civil servants are more concerned with the level of government spending than with the preferences of the American people.

—Steve Pejovich
Charles Maurice

— • —

A LESSON FROM THE PERSIAN GULF

As this issue of the *Pathfinder* is going to press, American troops are arriving in Saudi Arabia and American warships are patrolling the Mediterranean Sea, the Red Sea and the Persian Gulf in response to Iraq's invasion of Kuwait. Amidst all of the euphoria about the partial breakup and supposedly less hostile nature of what President Ronald Reagan called an "Evil Empire," along with the gleeful speculation about how to spend the coming peace dividend, there has arisen the sudden realization that there are other "evil empires" in the world.

For years, many Americans, perhaps most, have equated enemies of United States and the Western democracies solely with totalitarian communist regimes. There certainly have been reasons for this inference. Although Iraq has received a large proportion of its weapons from the Soviet Union, it is dangerous not because it is communist, but because it is a totalitarian, bellicose dictatorship and a menace to its neighbors in the Middle East. Cer-

Continued on page six

BUSH LOST HIS WAY AT THE WASHINGTON SUMMIT

The Washington summit meeting on May 30-June 2 between George Bush and Mikhail Gorbachev was not a great success. Gorbachev received U.S. concessions on strategic arms control and trade without giving anything in return. Such critically important issues as the future of Germany, conventional arms reductions in Europe, and the fate of Lithuania not only were left unresolved, but actually were made more intractable as the Soviets dug in their heels. Nothing was done to end Soviet military aid to Cuba, Angola, Ethiopia and other Third World clients. And Bush seems to have fallen into the trap of measuring progress in U.S.-Soviet relations not by how well concrete U.S. interests are advanced, but by his personal rapport with the Soviet leader.

The summits between Bush and Gorbachev have followed an unfortunate pattern. As also happened at the Malta summit last December 2-3, Gorbachev came to the Washington meeting asking for payment for good behavior. This pattern made sense at Malta. It was the first summit meeting since the fall of the Berlin Wall in November 1989 and the emergence of democracy in parts of Eastern Europe. But since then Gorbachev has blockaded Lithuania, slowed economic and political reform, backslided on conventional arms control in Europe, stonewalled on German unification, and stepped up military aid to Angola. There was no need to grant the Soviets further concessions at the Washington summit because Gorbachev had done nothing to earn them.

But this is precisely what Bush did. He promised his support for granting most-favored-nation trading status to Moscow once the Soviet legislature passed laws institutionalizing free emigration. He agreed to concessions on nuclear and chemical arms control. And he presented a slew of assurances to Gorbachev on the unification of Germany, including accelerated negotiations on short-range nuclear forces (which only last year was rejected as harmful to NATO's interests) and approval of a Soviet demand that the Conference on Security and Cooperation in Europe (CSCE) be "upgraded" by creating a permanent CSCE bureaucracy.

"Old Thinking." Bush's performance is particularly disappointing because, as Soviet newspaper columnist Aleksandr Bovin said during the summit, "Bush had all the trump cards and he didn't play them." Bush came into the Washington meeting as the leader of an ascendent nation, while Gorbachev is presiding over a dissolving empire. Unwilling to press his advantage, Bush fell back on some "old thinking" about Gorbachev: He acted as if Gorbachev personally was the key to further progress in reform and that he should be supported for this reason alone.

But as astute observers of the Soviet Union today know, the process of democratic and economic reform has left Gorbachev behind. Whenever free elections are held, democratic forces in favor of faster and more radical reform win most of them. Gorbachev opponent Boris Yeltsin, for example, was elected to head the Russian Republic's Supreme Soviet, not Alexander Vlasov, who was Gorbachev's candidate. Yeltsin repeatedly has said he favors more radical reform than does Gorbachev. Moreover, not only has Yeltsin rejected Gorbachev's blockade of Lithuania (negotiating directly with Lithuania to bypass it), but so too have the leaders of the Republic of Moldavia who voted to recognize the independent Lithuania. Even the Moscow City Council is in the hands of those who favor a quick transition to a market economy.

The mystery is why Bush refuses to open a dialogue with these forces, which are surely the wave of the future, and why he still insists that the unelected Gorbachev, and not these new democratic forces, are the key to further political and economic reform inside the Soviet Union.

Unverifiable Limits. The misconception about the need to help Gorbachev led Bush to make concessions on nuclear and chemical arms control. At the summit Bush agreed to numerical limits on sea-launched cruise missiles that are unverifiable. He also bent over backward to accommodate the Soviets by agreeing to allow the deployment of more mobile missiles than the U.S. was previously willing to accept. And a chemical weapons accord was reached, which is unver-

ifiable because it does not allow for suspect-site inspections and is based on unreliable data. It also constrains modernization of the U.S. chemical weapons arsenal.

But the most surprising concession at the summit was the U.S. agreement to a trade treaty with the Soviet Union. Only five weeks ago Bush sent Gorbachev a letter saying that a trade deal was impossible because of congressional opposition. But all that changed during the summit because Gorbachev convinced Bush that the Soviet leader needed a trade treaty in order to survive politically. As Gorbachev told a congressional delegation during the summit, "I think it is very important that you make this gesture (of support for a trade agreement), mostly from a political standpoint."

Bush also made concessions on German unification without getting anything tangible in return. He soothed Soviet anxieties with his "Nine Points" on the future of Germany. Yet all he got in return was lectures from Gorbachev about how threatened the Soviets felt from Germany and how the future of Europe would not be decided without his approval. But if anybody needs reassurance in Europe, it is the Germans, and not the Soviets. The Germans want the 380,000 Soviet troops removed from their territory because they desire an end to Soviet occupation. Ending the Soviet occupation of Germany will not endanger the security of the Soviet Union, which has over 5 million men under arms and some 25,000 nuclear weapons, compared to the around 650,000 troops and no nuclear weapons for West and East Germany combined.

Man of the Past. It is not too late for Bush to correct course. He is a man with keen political instincts and much international experience. He needs first to update his thinking about the Soviet Union. He needs to understand how far the Soviet Union has disintegrated. Gorbachev is fast becoming a man of the past, and his replacement could be an even more radical reformer, not the hard-line communist reactionary some in the State Department fear. The sooner Bush realizes that new democratic alternatives to Gorbachev are emerging, the less

Continued on page six

PANAMA COVERAGE SIX MONTHS AFTER IS SLOPPY, INACCURATE

CNN is everywhere these days of the information revolution, and so I was pleased to turn it on in my Holiday Inn in Rome to a piece on Panama "six months after the American invasion." Even I, who have covered Panama since 1964, surely could learn something.

There before me were the familiar drawn faces of the Panamanian poor—"The faces of Panamanians made homeless by the American attack," Cable News Network correspondent Charles Jaco intoned. Then he showed a burned-out, leveled field—"That was Chorrillo," the slum burned down by the invasion.

It was? Funny, I thought, I have at home copious notes—from days of interviews there after the invasion—that tell quite a different story. Funny, I even have a bulky report by the Roman Catholic Church, which contains interviews with many of the El Chorrillo inhabitants.

Their interviewees and mine testified that El Chorrillo was deliberately torched by the Cuban-trained "dignity batallions." Far from destroying El Chorrillo, the U.S. troops broadcast desperately for the people to flee the area, and most of the Panamanians expressed bountiful gratitude to the Americans for those warnings.

Then, as I review the six-month coverage of the invasion, I become increasingly disturbed. In the *New York Times*, columnist Tom Wicker made the same mistake in judgment when he approvingly quoted another analyst as saying that, "in Chorrillo, a barrio of wooden structures where U.S. tanks rolled through the streets, the invasion hit like a little Hiroshima." Ironically, that quote comes from a publication of the virulently anti-American North American Congress on Latin America.

In an ensuing, generally excellent public television show on the complexi-

ties of the Panama Canal and of canal politics, *Giving Up the Canal*, there were a number of lapses in context and in identification that tried the patience and the credulity of the knowledgeable observer.

Some of the most disreputable followers of Gen. Manuel Noriega, such as Mario Rognoni—men who all-out supported the murderous defense forces in their appalling beating of Panamanian democrats in the spring of 1989—were now out there on the neatly non-judgmental TV screen in immaculate shirts and ties. Talking ever so somberly about how Americans had offended "the dignity of the nation," they looked more like Sunday school teachers than enthusiastic supporters of one of the most murderous and corrupt mafias in history.

Indeed, the show never mentioned any of those amusing little habits of their *jefe*, the inventive Gen. Noriega, such as decapitating his enemies while alive, such as totally militarizing and thus corrupting the canal, such as setting out deliberately to kill Americans.

So what, you might say. What are you griping about now, Geyer? Well, give me a little leeway and let me just list my gripes about this "six-months-after" Panama coverage.

- First, the totally erroneous coverage of El Chorrillo is all too typical of this belated general slanting of the Panamanian invasion. Since there is no mystery whatsoever about what happened at El Chorrillo, this is simply sloppy and/or reflexively anti-American journalism.

- Second, even more serious is the lack of basic press sophistication about the political and military complexities of Mr. Noriega's Panama. Anyone who digs just a little could find out that Mr. Noriega was permitting Castroite Cubans to form a parallel and alternate military structure

in the superviolent "dignity battalions." It was these uncontrolled men who took over the streets immediately upon the invasion and who deliberately burned El Chorrillo to the ground and tried even to keep the Panamanians in there, all to put the blame on the Americans.

To genuinely understand and report this, of course, would mean that we were actually acknowledging the presence of conspiracy in the world, even though every country from Romania to Nicaragua to North Korea confirms the reality of conspiracy every day. But no, it is much easier simply to fall back on tried-and-true anti-Americanism in the guise of total non-interventionism.

- Finally, a dangerous vacuity characterized far too much of this coverage. There was almost no analysis about the responsibility of nations for countries they in effect created and nurtured and are now trying to free—nothing about the responsibility of the United States for the canal it bought for history with so much blood and sacrifice. There have been few words of hope or sympathy to the democrats in Panama and little about how they were being savaged and slaughtered by Mr. Noriega.

But then, maybe "responsibility" is not the word to be brought up these days with regard to Panama—nor is it a word pertinent to much of our coverage.

—Georgie Anne Geyer
The Dallas Morning News
July 3, 1990

Published by permission of
the author.



1990 AMERICAN ECONOMY INSTITUTE A HUGE SUCCESS

The Center for Free Enterprise offered its annual American Economy Institute (AEI) during June. The Institute is a concentrated, intense course in economics designed for teachers of economics in high schools and secondary schools. Forty-four educators and administrators, drawn from more than 30 different Texas school districts, were active and enthusiastic participants. Their contributions and interactions in the classroom as well as outside in dorm study sessions were a significant factor in making this AEI the most successful yet, according to Dr. Richard K. Anderson, associate professor of economics at Texas A&M and Institute director.

The objective of the Institute is to broaden and deepen the participants' understanding of fundamental economic principles, thereby providing them with new insight and renewed enthusiasm for economics as they return to their classes in the fall. In addition to basic training by Dr. Anderson in the principles of economics, the Institute drew upon other outstanding teacher-scholars from the Texas A&M economics department for lectures on topical applications such as OPEC and the role of Texas in the oil market, the economic implications of a possible peace dividend, post-Socialist Eastern European economics, and an examination of economic development and myths concerning the Third World.

Evaluations of the Institute by the participants were enthusiastic and strongly indicated that objectives of the Institute were met. Almost all participants rated the lectures and the classroom materials as highly useful. A few sample comments by the participants give an indication of their opinions of the Institute:

"Dr. Anderson was very helpful in teaching the broad spectrum of economic knowledge. I knew nothing and he really helped explain economics to me."

"I have nothing but praise for Dr. Anderson."

"Dr. Anderson deserves a raise."

"Great job; Dr. Anderson and his staff should be highly commended."

"Wish the Institute could have been longer."

"The Institute was challenging."

"I will recommend this course to other teachers."

It also should be noted that many of the participants' comments emphasized how demanding the course was. Several mentioned, not unfavorably, the long hours outside of class that they had spent reading and studying the course material. They also said that these long hours would reap dividends when they returned to their classrooms in the fall.

These comments are strong evidence that the objectives of the Center in presenting the Institute were met: To give a rigorous, demanding course in economic principles that the participating teachers will enjoy and benefit from—as will their students—in their own classes in economics.

PATHFINDER

Volume 12, Number 4

September 1990

Published six times a year by the Center for Education and Research in Free Enterprise in cooperation with Educational Information Services, Texas A&M University, College Station, TX 77843. Telephone (409) 845-7722.

Svetozar Pejovich, Director

S. Charles Maurice and Svetozar Pejovich, Editors

Board of Directors: Businessmen—Maurice Acers, Leslie L. Appelt, Jack E. Brown, Henry Gilchrist, Jay Harris, Frank M. Muller, Jr., Carroll Phillips, H. G. Schiff (chairman) and R. G. Wallace. Texas A&M Deans—Charles J. Arntzen, Christopher A. Borman, A. Benton Cocanougher, Daniel Fallon (vice chairman), Herbert Richardson. Ex-Officio—H. Andrew Hansen II.

National Advisory Board: Edwin Feulner (chairman), Rawles Fulgham, Phil Gramm, Willa Johnson, Alex Kozinski, Dr. Leonard Liggio, John Moore.

Permission to quote or reproduce materials in this publication is granted. Please credit the Center for Education and Research in Free Enterprise. The opinions expressed in *Pathfinder* are those of the authors and do not necessarily reflect the opinions of the Center for Free Enterprise staff, Board of Directors or National Advisory Board.

Contributors of \$5 or more receive *Pathfinder* for one year; teachers in elementary and secondary schools may receive *Pathfinder* without a donation.

From page two

A LESSON FROM THE PERSIAN GULF

tainly Iraq is not the threat to the United States that the Soviet Union was. It is, however, a threat to the economies of the industrialized nations and a threat to world peace. While the United Nations and the Arab League have condemned Iraq's aggression and other nations have sent some troops or ships to the area, the full brunt of further aggression will, for the most part, have to be withstood by the United States—now the world's only superpower.

These recent events in the Middle East should force our politicians and all Americans to reevaluate the desirable military structure for the United States in the years to come. We simply cannot foresee from where future aggression and threats to peace will come. Who would have predicted a few years ago that Iraq, coming out of a terribly destructive and debilitating war with Iran, would be the next threat? As we recall, most

people in the United States at the time wanted Iraq to win, viewing Iran as potentially the greater aggressor. Who knows where the next aggressor will come from? As long as there are dictators in the world, many will regard their neighbors as prey. Thus it may not yet be time to relax and begin spending the peace dividend.

—The Editors

From page three

BUSH LOST HIS WAY AT THE WASHINGTON SUMMIT

inclined he will be to make U.S. concessions on trade and arms control in the hopes of consolidating democracy in Central Europe and furthering reform inside the Soviet Union.

Bush also needs to downplay the importance of personal diplomacy with Gorbachev. Bush puts a great store in his personal relationship with world leaders, but this works better with friends and

neutrals than it does with adversaries. The Soviet Union is not a friend of the U.S., and personal relationships with its leaders should not be overemphasized. Far more important than personal rapport is the concrete advancement of U.S. and Western interests.

Bush has done a relatively good job handling the Soviet Union until now. He needs to get back on track. He needs a

strategy that looks beyond the political fortunes of Mikhail Gorbachev.

—Kim R. Holmes, Ph.D.
The Heritage Foundation

This article, from Executive Memorandum, The Heritage Foundation, June 6, 1990, is reprinted with permission from The Heritage Foundation.

NONPROFIT ORG.
U.S. POSTAGE
PAID
COLLEGE STATION,
TEXAS 77843
PERMIT NO. 215

788 12/99
Ms. Tamsen Emerson
Texas Documents Collection
North Texas State University Library
P.O. Box 5188 NT Station
Denton, TX 76203