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DEMYSTIFYING SOCIAL WELFARE:

NEEDS AND SOCIAL JUSTICE IN THE EVALUATION OF DEMOCRACIES[a]

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ABSTRACT:

We argue that the justification of democracy is best based on its positive effects on the welfare of its citizens. But the difficulty is that the citizens are a group, and hence we need some way to characterize aggregate welfare, and this, in turn, requires some way of comparing individuals' welfare. These problems are notoriously difficult, but we accept the recent proposals of those who look at needs and need satisfaction as the keystone in the architecture of welfare aggregation and justice. This allows us to use a scale of need satisfaction as the basis for evaluating democratic systems in economically developed states. Such a scale shows great variability among the developed democracies in the world. We discuss the theoretical arguments linking the performance of democratic systems along this dimension with the stability and perseverance of democracy.

a. This work was greatly assisted by the opportunity we had to work with Gillian Brock, at the University of Auckland. She had the insight to push the literature on needs into our framework, and the Auckland Philosophy Department afforded us a wonderful environment to consider these questions. Earlier, our work with Eduardo Frajman was crucial in developing our thinking regarding the relation between democracies and welfare. The Universities of Manitoba, Maryland and Montreal all have helped support this research over various time periods, as has the SSRC. Comments by Karol Soltan, Peter Levine and other members of the Maryland CP4 Workshop were very helpful.

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DEMYSTIFYING SOCIAL WELFARE: NEEDS AND SOCIAL JUSTICE IN THE EVALUATION OF DEMOCRACIES

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How to evaluate and explain the differences in performance among the developed democracies requires a metric, and a theoretical conception of what is to be understood as performance. But political performance has many different aspects: economic performance, delivery of social welfare, citizen satisfaction, durability, etc. The initial problem we face, then, is the selection of a basic performance criteria that can be tied into a coherent and justifiable whole. Only after that does it make sense to move on to the tasks of measurement, evaluation and explanation.

Our theoretical starting point grows out of our work in political economy, social choice, and distributive justice. We start with the notion that the welfare of the members of a society has a primary position in the evaluation of the performance of societies. The empirical motivation for the project was a simple and (for us) uncomfortable observation: that although the established developed liberal democracies do not vary enormously in their per capita incomes and long term economic growth rates, they do vary considerably in the distributions of income and wealth across their populations. As you, the reader, will come to realize, we will argue that these considerable differences in how democracies treat their needy citizens is a basic marker of their delivery of aggregate social welfare. In other words in this paper we will attempt to tie together social welfare and social justice. We link the problem of social welfare to that of social justice by identifying the central role support to the poor plays in any justified definition of social welfare. That means this paper will touch on some of the normative and theoretical chestnuts in the literature of social justice and social welfare.

Our tactic is to build on the notions of Rawls (1971), who argues that social justice can become understood through a lens of impartial reasoning. This leads one to regard rights and distribution to the poor as a foremost concern. Our own work from this perspective (Frohlich and Oppenheimer, 1990, 1992) has led us to focus on a sustainable minimum or floor and Gillian Brock has recently (2005) discussed this in terms of needs: We follow her lead. By focusing on basic needs as a foundational aspect of social welfare, we will argue (along with Braybrooke, 1987) that two of the biggest conundrums of the social choice literature can be at least partially avoided. We will argue that fulfilling these needs is an important consequential implication of the normative justification for democracy (see Frajman, Frohlich, and Oppenheimer, 2003). We then show that this justifies our use of needs satisfaction as a foundational evaluative criterion regarding the performance of liberal democracies. Such a move allows us to use a scale of need satisfaction as the basis for evaluating democratic systems in relatively equal economically developed democratic states. Preliminary examination shows that this scale shows considerable variability across the developed democracies in the world. This then gives a normative skeleton to the theoretical arguments linking the performance of democratic systems to needs satisfaction.

JUSTIFYING DEMOCRACY

Recently, an edited volume entitled "Justice and Democracy," (Dowding et al, 2004) explored the relation between justice and democracy. In the main, the authors noted that democracies could be more, or less, just and hence there was no necessary relationship between the two concepts. We are not so sure about this blanket conclusion and think that perhaps it requires revisiting. From our perspective, the real issue is not simply the positive theoretical and empirical relationships between democratic procedures and institutions, on one hand, and the justice of the empirical outcomes on

the other. Rather we think it is important to examine the relationship between the normative foundational presumptions of democracy and the implied justice to be expected from the outcomes of the democratic process. We will examine this relationship and then argue that particular normatively unjustifiable variations in welfare outcomes across democracies can be used to evaluate democratic performance across systems.

Keith Dowding, (2004, pp 26-27), laid out a number of historical justifications for democracy: 1) the protection afforded citizens' interests, 2) the opportunity provided citizens to express their preferences and have them impact the political decision processes, 3) the granting of rights and freedoms to citizens, and 4) the provision to citizens the opportunity to "come to understand others' interests and to reach accommodation in a less antagonistic and competitive manner". Each of these possible justifications has a procedural component and a culturally emphasized notion of some "good" that democratic institutions may help achieve. Each justification can be seen to have a substantial consequentialist component: 1) the interests protected, 2) the preferences satisfied, 3) the rights and freedoms granted and 4) the interests congenially satisfied. Notably: they all relate to aspects of citizens' welfare. In contrasting these justificatory arguments with those for justice, he notes (p. 28) that "(t)heories of justice tend to set out conditions of the distribution of rights, welfare, resources, primary goods, capabilities or whatever (hereafter the distributandum)." But a more generalized view of the normative underpinnings of democracy can help us understand what these justifications all have in common. Democracy can be seen to have a normative epistemology and ontology regarding what, for social purposes, counts as the 'Good.' And it is this foundation that has implications both for what constitutes justice in democracy and for our justification of democracy. To develop the argument, we establish that the justifications for democracy itself and for justice within a democracy can be construed as resting, most comfortably, on a consequentialist base.[1]

We turn, then to an examination of the epistemological and ontological underpinnings of democracy to cast light on what the distributanda of justice and social welfare might be in democracies. These underpinnings will focus, naturally, on individuals' welfare. And while the term "welfare" has not yet been defined here and constitutes, at this point, something like an undefined primitive, after arguing for its centrality in democratic theory, we will offer arguments for a two-tiered characterization of welfare. The first tier will be basic human needs. It will play a critical role in our argument.

EPISTEMOLOGICAL & ONTOLOGICAL ASSUMPTIONS UNDERLYING LIBERAL DEMOCRACY

Democracy is premised on the notion that political decisions are made by the people living in the state (or the relatively large subset of the adult population constituting its citizenry), or their elected representatives, via some voting procedures. A community's choice is deemed to represent what is good for the community. That communal good is decided by (or in a republican, or indirect democracy, it is seriously informed by) the decentralized choices of the individuals within the community. For that to make sense, it must be the case that the democratic decisions are based on matters that can be potentially *knowable by the voter*. This bespeaks an implicit epistemology regarding the Good: no-one, in general, is in a better position than the individual voter to gain direct knowledge of what is good (at least for herself) based on observation, discussion, consultation, and

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1. Of course there are other possible non-consequentialist justifications for both democracy and justice, but we believe that the stronger arguments are consequentialist and take that stance throughout this paper.

inward reflection. (Hayak, 1960). This is not to say that the individual necessarily has full knowledge of the what is good for herself. Rather, it assumes that it is better for individuals to exercise their judgement regarding what is best for themselves because *in general* they *can* have (better) knowledge about their own welfare than anyone else. One function of democratic processes is to aggregate those judgements.

In legitimating those judgments, liberal democracy reinforces the normative assumption that the welfare of individuals constitutes a major component of the Good. If the Good is knowable at all, it is the individual's right to seek it for herself or to delegate the authority to recognize it to someone whom she reasonably believes has better tools to determine it (a doctor, a politician, etc.). The welfare of each individual is thus given an implicit equal moral status with those of others.

The democratic creed deems the social Good to be a more or less equal function or reflection of each of the citizen's (voting) decisions and then the resultant decisions of their elected representatives. As such, it is a function of each citizen's estimation of what is good for her, or, if she wishes, her estimation of what is good for society. The justificatory structure of democracy is built upon this, in that individual welfare is assumed to be directly reflected in the voters' considered choices. That votes are cast on a one person per vote basis and counted in a decision process and help to determine a society's definition of the good implies a moral presumption regarding the equal status of individual welfare. By legitimating the vote, the state empowers the individual.[2] The vote is the reflection, at least in part, of the individual's expression of her own welfare as well as a demarcation of its fit into the larger fabric of social welfare.

But this leaves out the crucial and difficult problem of aggregation. If it justifies the search for the holy grail: social welfare in some approximation of the form of a social welfare function it leaves out the precise form, and its achievability.

The Problem of a Social Welfare Metric

The possibility and impossibility of a social welfare function has been the subject of a mountain of scholarship and we needn't review that here. But we shall bring in some threads of that discussion to place our contribution in perspective. Traditionally, and in our argument, the welfare of the collective, or the social welfare, is seen as determined by the welfare of the citizens of the society. This clearly is fitting with the perspective we have given of the consequentialist justification of democracy. More precisely we might say that social welfare ($\mathcal{W}$) is determined by, or perhaps a function of the welfare of the individuals that make up the society or $\mathcal{W} = f(w_1, \ldots, w_n)$.

Constraints

Before continuing, it is important to note the constraints that must be placed on any $\mathcal{W}$ for it to make sense as an indicator of the quality of democratic performance. The premises of democracy are the equality of the individual's weightings in the collective judgement of the actions of government, and in the protections given from and by government to their rights. These act as basic constraints (Nozick, 1974) to any conception of evaluating the performance of democratic

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2. This is a bit of an overstatement. Obviously, the empowerment is limited by the structure of the agenda and the resources made available beyond the vote, in order to persuade, cajole, etc. others. And if there is considerable asymmetry in the holdings of resources for communication, it may well be that individuals are given neither sufficient information to know their 'real welfare' interests nor sufficient resources to protect these interests.

governments. Let us explore these constraints a bit further.

There are numerous justifications that can be made for basic liberties, and many of them focus on the need of the individual to be free from governmental oppression. These liberties seem often to be quite decently met by libertarian demands for minimalist governments but these over reaching justifications for minimalist government tend to leave out other major reasons for civil liberties.

If government is to be justified by the welfare it affords to the individual, then one of the important lessons of the logic of collective action literature is that people must have all the basic civil liberties if the demand for most public goods is to be manifest and factored into public decision making. This follows because a group won't even know that there are common interests without the possibility of free communication. Indeed, this has become very apparent in the low social cost that the internet has afforded group communication with regard to shared interests of such groups as gays and lesbians, women, and other previously oppressed individuals. For groups to demonstrate the scale of their demands socially and politically, they must be capable of sharing the costs of the political efforts to change the public policies underlying their public good demands without undue costs being imposed upon them because of their identity, etc.

In other words, for groups of people to meet their needs over time they must have the freedom to organize themselves politically. If nothing else, this gives a solid justification for liberal political orders. Of course there is no 'ought' derived without a normative presumption. In this case the normative presumption is that it is a good thing for people to get their shared needs met: a weak form of consequentialist political philosophy. If we subscribe to such values (and most do) then it follows that people ought to have these freedoms. Without such freedoms, even the identity of the shared interests will often likely remain unknown. And hence it need not be presumed that the liberties are to be justified primarily by their 'negative' protections from governmental intrusion.[3]

And of course there are other notions of performance that must be considered as side-constraints including stability and a state's ability to muster a proportional defense of itself in the face of threats encountered.

Considerations of a Metric

But it is counter-productive to focus only on these side constraints: one man, one vote; and basic liberties for individuals and groups. Any such formulation leaves out the content of welfare and hence does not tell us what we demand of such a metric. Clearly we will want to be able to make some judgements of form and content when we judge one system to perform better than another and assert that $\mathcal{W}_1 > \mathcal{W}_2$. In other words we are interested in comparing the performance of societies with one another. But when we ask what properties we might expect of this scale, we might begin by noting that *completeness* is certainly beyond us. In other words, we do not claim that all political systems, or even all democratic political systems, can be compared with one another using the same scale: The performance criteria for a developing democracy (e.g. India) might be quite disparate from that of a developed one such as Norway. Extraordinary differences in economic circumstances, security situations, ethnic rivalries, and so on, may lead one to require a

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3. A nice way to conceive of the traditional view of any 'bill of rights' is that it is the guarantee of minimalist protected encroachments that individual citizens know can not be removed even if they are among the 'losers' in the political games. The emphasis we place goes beyond this to note that the guarantees are perhaps even more importantly also extended to individuals as groups.

fundamentally different weighting of the constraints to the other elements of social welfare or $\mathcal{W}$. This will leave our comparisons to be those of the developed democracies, all of whom, we shall point out, share a number of major characteristics.

Abandoning completeness, however, can still leave one with substantial normative tools. Sen (1970) argued that in considering how to judge and evaluate a metric for social welfare we might think begin by analyzing the concept of best, or maximal, in terms of the properties that we want from such a metric. He proposed two that he called α and β, and then analyzed those properties. He argues that perhaps a common language notion of 'best' requires both these properties, and that together they imply a full ordering.[4] We have already abandoned completeness in the universal set of concern. To understand what is left, let us consider the two properties.

Alpha is the notion that if something (say X) is best among a set of items, if we then restrict our purview to a smaller subset of the items, and if X is in that subset, it must be best in that subset also. Note that this works for all naturally ordered relations such as higher than (e.g. McKinley is the highest mountain in North America thus it is the highest Mt. in Alaska). Such a property may seem quite 'basic' to any notion of best, or even better.

Beta has a similar feel: say 2 options, X and Y are tied for best in a subset of available options, and one is best in the universal set, then they ought to be tied for best in the universal set. Again, this also works for all naturally ordered relations such as 'higher than.' For example, say X and Y are tied as the hardest metal. Then if we consider a larger set - say woods and metals, if X is the hardest substance, then Y is still tied with X.

Considering the properties in such an abstract fashion permits us to identify when they might be suspect. It is precisely when the quality of 'best' is a function of the environment within which the selection is made. X might be the best in the world because of the varied environments of the world. But restricting the environments to those of a subset, even were it to include X, may allow Y to excel in the subset where the items that detract from Y's performance don't show up. In such a case, Y could be best in the subset. And X, though best in the wider mix of environs doesn't show up as well as Y in the restricted set, hence violating Alpha. Similarly, if X and Y are tied in a subset, it could be that one of them thrives better in the more inclusive or varied environment: hence violating Beta.

The question then is the relevance of these properties for comparing democratic system performance across societies in terms of a metric such as $\mathcal{W}$. It could be that the system that does best in the subset is trumped at the universal set because the environmental conditions in the universal set are different. As mentioned above, such extraordinary differences in economic circumstances, security situations, ethnic rivalries, and so on could lead $\mathcal{W}$ to violate some of these suggestions of Sen. This might be, precisely because $\mathcal{W}$ may be context dependent - appropriate only for stable, developed democracies, for example. But without any such properties, the statement that a system delivers more social welfare becomes uninteresting, for we are saying that the calibration is too context dependent. It is in part for such reasons that we restrict our comparisons

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4. A full ordering can be illustrated by a relationship such as 'at least as hot as.' It implies transitivity (if *a* is at least as hot as *b* and *b* is at least as hot as *c*, then *c* is at least as hot as *a*); it implies reflexivity (*a* is at least as hot as itself); and it implies completeness all objects can be compared with regard to this relation (*a* is at least as hot as *b* OR *b* is at least as hot as *a*).

to quite similar societies: the long standing advanced industrialized stable democracies. Now it still might be the case that such social properties as ethnic diversity affect the ability of a democratic system to deliver some attributes of *W*, but we don't think so. Indeed, we will argue that the long term economic, and socio-liberty context of these societies is quite similar, and that they have moved toward ever-increasing similarity on the ethnic diversity scale.[5] So, perhaps within the domain of the study, we might not face quite the daunting task to our metric that we might were we to insist on universalities and still claim that *W* will give us some 'ordering' of system performance.

PROBLEMS WITH CONSEQUENTIALISM FOR SOCIAL WELFARE

But, of course, it is one thing to argue that democracy can be justified in terms of its beneficial impact on the *individual* citizen's welfare, and it is quite another to face the problem of what democracy implies for the collective or aggregate welfare : *W*. A claim that democracy is justified by its impact on the collective welfare, or *W*, runs into a brick wall, which has defied both theoretical bashing and scaling.

One element of the wall is the seemingly insuperable problem of the incommensurability of different individuals' welfare and hence the near impossibility of generating measures of welfare that are comparable across groups or polities. Utilitarianism, the most ambitious attempt to provide such a metric, requires full interpersonal comparability of welfare states. For an individual to accept utilitarianism, that assumption must be swallowed. For a society to use it, there would have to be consensus on the metric. Such consensus is clearly not attainable. If one can't measure overall welfare, then, it's odd (or metaphysical) to attempt justifying democracy on the basis of welfare.

The second component of the wall is Arrow's General Possibility Theorem.[6] Arrow proves that one can't expect democracy to adequately reflect the decentralized citizens' preferences and still yield normatively acceptable procedural and outcome qualities. Put simply, one cannot count on any reasonably acceptable[7] democratic decision procedure to reliably produce results reflecting citizens' aggregate welfare in an acceptable way. Indeed, the same holds if we merely try to mechanically aggregate individual welfare to generate a social welfare function. At least, that is the

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5. Of course their historical paths to such diversity differ widely. Only the US had a history of wide spread slavery. England and its commonwealth led to diversity from quite divergent histories than that occurring in Canada, Australia or New Zealand.

6. The problems identified in the 'social choice' literature (Arrow, 1963; Sen, 1970, Plott, 1976) present problems for this perspective. The unavoidability of cyclical majorities or, alternatively, the surrender of a desirable property of democracy, make interpretation of political outcomes problematic. Presumptions of probabilistic decision making on the part of representatives or voters permits a reintegration of standard arguments regarding social welfare and individual choice (see Mueller, 1989; Coughlin, 1988). Sen (1966) pointed out that a general restriction of values held by the citizenry would alleviate the problem. Other paths are opened by Miller (1983) who argues that one ought to conceptualize the relation between social choice and social good not in terms of any one decision but rather by the trajectories of the policy paths. Later, Arrow (1973, 1977) himself argued that a shared conception of some forms of justice can circumvent the social choice problem. Moreover, this function is often presumed, incorrectly to be one which is additively separable in most modern consequentialist theories. Such an assumption amounts to a notion of 'utilitarian' additivity of welfare. Frohlich and Oppenheimer (2003) build on this criticism. Such an assumption, ruling out all synergies, and team interdependencies among members of society, is perniciously wrong (Oppenheimer, 2002).

7. Here Arrow's contribution (1963) was to set out the conditions that could characterize "reasonably acceptable" structures.

result if we have no interpersonal comparability. Obviously, full comparability allows for results - that is the contribution of the original utilitarian argument.

So the two are related. Scaling this wall without interpersonal comparisons of welfare is nigh impossible. But we propose to tunnel below it. To tunnel one has to pay careful attention to the floor. And in this case the floor refers to something like a social safety net protecting the basic needs of those who are not well off in society. A relatively recent stream of experimental research, and a growing set of philosophical arguments on the normative importance of fulfilling basic human needs provide some perspective on this approach. Indeed, our approach will be to assert this perspective will allow enough interpersonal comparability to get us a partial metric, and one which will obviate the impossibility results. But first we examine a bit more regarding the interpersonal problem of comparability.

INTERPERSONAL COMPARABILITY OF WELFARE

In virtually all modern theories of democracy, the extent to which any outcome is deemed good rests at least in part on the relationship between that outcome on the one hand, and some notion of social welfare as well as group choice procedures. To some extent, quite magically, it is assumed that the voting rule can (usually) deliver the right results[8] given the citizens' preferences ($\mathscr{R}$), and presumed choices. But, it is at this point that the traditional economic approach to characterizing the good, and the better, has foundered for lack of interpersonal comparisons. This is because to understand the aggregate welfare from the set of individuals' welfare,[9] we need some sort of metric for interpersonal aggregation.

To see this, let us start presuming no metric. Then the traditional economic approach gives us no more than Pareto optimality.[10] Such a conception yields a "large" Pareto set. Without other considerations, one is powerless both to compare the social welfare of different possible states within the Pareto set, and to make any judgements regarding distributive justice.[11] More content

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8. Sen (1977, 1979, 1993, and 1999: especially chapter 3) has recently made a telling argument against the simple utilization of income or welfare as a metric. But capabilities, which is his elaborate improvement on welfarism, does not fundamentally change our argument.

9. Traditionally we could specify this as $\mathscr{W} = f(w_1, \ldots, w_n)$.

10. The eponymous notion of Pareto optimality was given to us by Vilfredo Pareto, a conservative Italian Economist of the late 19th and early 20th centuries. Pareto optimality is a condition or a state that is desirable and is best first described by its failure. When a situation is *not* optimal, or is *suboptimal*, at least some of the individuals *could* be made better off without hurting anyone. On the other hand, when a situation is optimal, to make someone still better off requires that at least one person in the group must be hurt. The set of outcomes that satisfy this notion of optimality is usually referred to as the Pareto set. The notion ties into efficiency and also has a direct relationship to 'unanimity' voting outcomes. A group that uses unanimity to make decisions would choose to move from a status quo only if all benefitted and none were hurt, or perhaps even if some benefitted and none were hurt (if abstaining in voting didn't count as a 'nay' vote). Pareto optimality's relation to efficiency can be understood quite easily. If one person's scraps are sufficiently useful to another so that the user would either pick them up or compensate for the clean up, then it is inefficient to leave the scraps unused. Note that no interpersonal comparisons are needed to make judgements as to what constitutes the Pareto set.

11. To see this, note that if there are 2 persons, one very rich, and one very poor, who simultaneously lay claim to a coin on the street, Pareto can't say which of the two should receive it. Were the rich person to get it, one could not

(continued...)

must be given to either $\mathcal{W}$ or $\mathcal{R}$ if one wishes to develop a more powerful notion of what is better within the Pareto set. The traditional behavioral model based on pure self-interest yields no clues as to how to formulate such a metric because, *by design*, such models posit *the absence* of links among the different welfare states of individuals. All solutions that go beyond Pareto optimality and try to link aggregation of choices to any notion of welfare require interpersonal comparisons.

And then there is always a need to map the decentralized choices of citizens being aggregated in a democracy to aggregate welfare. For a simple illustration, consider majority rule. To link even majority rule to a sensible aggregate welfare notion, one would need to say both that 1) the difference between a yea/nay vote amounted to the same cardinal welfare gain or loss for each voter and 2) that the voters ought to be counted equally. In general, two sorts of analytic moves are taken to minimize these problems.

The first has to do with the introduction of more sophisticated preference measures. So, for example, majority rule asks for very little information from the voter: 'What is one's first choice?' Rather than using simple majority rule as an institution to elicit preferences, one might employ a Borda count. With a Borda ballot, the voter is asked to rank all the candidates. A higher rank is worth more points. If there are, say, 4 candidates, the top rank is given 4 points, and each subsequent ranked alternative is given one less: a 3rd place vote gives the candidate only 2. The winner is determined by adding up the total points that are given to any candidate, and the one with the most points wins. Of course, Borda can be said to do a better job than majority rule: after all, the voters are giving much more information about how the outcomes affect them. But there is still a need to map the votes being aggregated, points in this case, to aggregate welfare. And this merely requires different assumptions regarding what interpersonal comparisons must be made to treat the aggregate Borda vote count as a legitimate measure of social welfare: it doesn't let us avoid the need for direct comparison.

The second is to make assumptions constraining preferences or the cognitive or behavioral basis for choice. For example, one can employ a 'spatial model of the possible political outcomes.' In this case, each individual has a preference for proximity of the outcome to their 'ideal' outcome in the space. As long as the space is one dimensional we get an equilibrium with some normatively attractive properties. But how this is associated with W is left undefined unless one interprets the distances among the voters as equivilant. This is usually difficult to do since the space is defined with only an ordinal metric for the preferences over distance. Similarly, one can assume probabilistic choice responses by voters. The literature here argues that we can generate Benthamite social welfare functions from two party spatial competition in these circumstances. But such conclusions require a notion that the individual's probabilistic response is a basis for welfare comparison between individuals. The interpersonal utility comparison is now implicit via an assumption that equal responsiveness between voters reflects equal, comparable, utility stakes. Of course, one also needs the assumption of each voter's equal weight in the aggregate welfare calculus.

Such assumptions may be interesting for model builders, but they hardly take the place of more robust notions of comparability. One is left with the notion that comparability of preferences is not going to be a rich vein to mine. But, of course, this does not mean that we can make no comparisons regarding individual welfare.

More recent conceptions of how aggregate improvements in welfare might be characterized,

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11. (...continued)
'redistribute it' to the poor without the rich person suffering a loss and similarly, were the poor person to receive it.

(e.g. Rawls, 1971; Arrow, 1977; Roemer, 1998) are all developed on somewhat less demanding interpersonal metrics, and have allowed the conception of justice to regain life in democratic theory. Rawls, in particular, is responsible for arguing that social welfare needs to be understood as reflecting only the welfare of the least fortunate. With satiability, or the idea that the least fortunate only count as special when their welfare is below a 'welfare floor' (Frohlich and Oppenheimer, 1990 and 1992) such a conception can still lead to a partial ordering of social welfare states.

NEEDS: A PROPOSAL

The perception of needs as a major normative element is social welfare has a long history but in recent times its status grew from seeds planted by Rawls (1971). In brief, Rawls picked up and insight of Harsanyi that one might be able to identify what is fair in income distribution by conducting a kind of thought experiment in which impartial reasoning was induced. Impartial reasoning was to be induced by imagined individuals deciding under very restricted information conditions. Harsanyi asked what a group of rational self-interested individuals would choose under conditions of impartiality. In particular, people were to choose from among many possible income distributions without knowing which share of the income distribution they would get. Harsanyi argued that they would choose the distribution that maximizes the expected value of the group's payoffs. He felt that the emergence of the principle of maximizing expected value under conditions of impartiality lent that principle ethical standing.

Rawls, in A Theory of Justice, (1971) elaborated and developed a similar scenario of imperfect information (he called a "veil of ignorance") and also applied it to questions of distributive justice. Rawls imagined a group of representative individuals charged with the task of choosing, 'from behind the veil of ignorance,' a way of organizing income distribution (and other matters) in the (as yet unknown) society which they were to inhabit. The trick built into the Rawls' "veil of ignorance" is that it stripped individuals of their interests. They were assumed not to know their own places in society, their own particular skills, plans, advantages and disadvantages. No-one would know what role they would play in the society to be formed. This ignorance would require that each associate her or his lot impartially with that of every person in society. Making decisions impartially would channel rational self-interested behavior in the direction of justice and fairness. Rawls, however, came to a different conclusion than did Harsanyi. Using notions of minimax choice rules borrowed from game theoretic arguments, Rawls argued that under conditions similar to those of Harsanyi, individuals would select an entirely different principle of distributive justice. They would want to maximize the welfare of the worst off individual in the society.[12] (He called such a principle the 'difference principle.')

One of the major problems with this conclusion was the audacity of the potential insatiability of the maxim: to maximize the welfare of the worst off. The concern with the worst off would seem to be motivated by some notion not of place (worst[13]), but rather of substantive deprivation and ensuing poverty and despair. Our experiments (Frohlich and Oppenheimer, 1990 and 1992) reflect that the concern induced by a veil of ignorance is not about place but about substantive issues of

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12. Rawls introduces the notion of "primary goods" and discusses his principle in terms of increasing the primary goods available to the worst off individual. We occasionally use the term "welfare" as a shorthand for his technical term.

13. One might think someone has to be worst off. We are reminded of Garrison Keillor's trademark comment that 'all the children are above average.'

poverty. These issues lead people to talk of establishing a welfare floor through social policy.

The use of imperfect information to induce impartial reasoning by both authors led them to focus on the pattern of the resulting distribution, rather than on other aspects of the problem. But other authors objected strenuously to their concentration on distributive patterns. Spearheaded by Robert Nozick (1974) this literature underscored the role of property rights or ownership, just compensation for work, and other entitlements, in questions of distributing property and income. From Nozick's perspective emphasis should be placed upon fair procedures for maintaining entitlement to the rightful fruit of one's labor. In theory, a clear tension exists between these two approaches. Entitlement leads one to question the legitimacy of any requirement to redistribute well gotten gains. By contrast, justice based on patterns usually requires some degree of redistribution as a minimal requirement of fairness.

Noting this tension between entitlements and redistribution, theorists have voiced concern about the potential instability of any patterned principle of distributive justice. Although a pattern principle may appear fair when chosen without full knowledge of one's own position in the system, that same principle could begin to chafe in practice: when individuals begin to feel entitled to the property they earn.

Rawls emphasized the welfare of the poorest individuals in his development of a metric, and understanding of distributive justice. In doing so, he skirted the issue of 'preferences' altogether, by classifying certain goods as having 'special' consideration (see footnote 12). In setting up his analysis, he did not explicitly focus on 'needs' but perhaps it was implicit in his discussion. In any case, many volumes, articles, and experiments, later, needs were picked up, explicitly this time, by Braybrooke (1987).

Braybrooke (1987) initiated a recent stream of argument in philosophy which was added to by arguments of Doyle and Gough (1991) and which has been recently elaborated upon and applied to questions of international justice by Brock (2005). These arguments emphasize the advantages of using basic needs as a metric for an important component of individual welfare. Braybrooke's approach is to argue (p. 36) that it is possible to identify the basic needs associated with physical and social functioning. Doyle and Gough underline the need for physical health and autonomy 'to be able to participate in a cultural form of life: '. . . to have the physical intellectual and emotional capacity to interact with fellow actors over sustained periods in ways which are valued and reinforced in some way.' (page 69). Brock argues that focusing on basic needs is a way of getting at what may constitute global justice. And the common thread that runs through their arguments is that basic needs, although not completely free of ambiguity, are sufficiently clear to generate interpersonal consensus regarding their evaluation. With relatively little information, one can tell when another person is starving, freezing to death, suffering from heat prostration, illiterate etc.

___Experimental research on questions of distributive justice modeled on the "veil of ignorance" has, in the main, supported this line of reasoning (Bond, 1991; Frohlich and Oppenheimer 1990, 1992; Jackson, et al, 1995; Konow, 1996; Lissowski et al, 1991; Oleson, 2001; Saijo et al, 1996). It has revealed considerable uniformity in subjects' ethical responses to needs. Those experiments demonstrate a virtual consensus across societies regarding the importance of providing a floor of income for those who are incapable of providing for themselves. The arguments subjects brought forward in support of such a floor are that there will always be individuals incapable of providing, on their own, for their basic needs, and that society has an obligation to care for the basic needs of

their most vulnerable members. As in the arguments of Nozick and others, noted above, subjects also argued that the safety net offered should not be so high as to impinge on the entitlements of those who are very productive or to unduly reduce the incentives needed in the society to encourage others to maintain a modicum of efficiency (see a bit more on this subject below on p. 16).

Needs and Interpersonal Comparability: And this leads one to wonder how the focus on needs relates to the difficulties mentioned above. Start with comparability: Obviously, it doesn't take a huge moral stretch to compare one person's starvation with another's banquet. In other words, to return to our analogy, easy accessibility to consensus on what constitutes a floor of basic needs may be the basis for partially undermining the barrier to interpersonal comparability of welfare within the restricted range of needy individuals.

Given the notion that at least the most basic needs are lexicographically prior to other concerns regarding personal welfare considerations, then the difficulties of some aspects of interpersonal comparability disappear.[14] We can identify some sorts of comparisons that can be made, and others that can't. Take two individuals: if one has all her basic needs met, and the other doesn't then we can judge the first to be better off than the other. Otherwise we can't make a judgement. But given that basic needs are quite fundamental, and that democracy has a presumption of equality, we can develop a rough estimation of social welfare in terms of the percentage of the population left without the satisfaction of their basic needs. Of course, there are other aspects of measurement that might be crucial. Take a family in poverty for example: the depth and duration of the family's poverty might be an important further dimension of analysis.

In any case, it is clear that as Braybrooke points out, at the theoretical level, Pareto optimality isn't what is left to utilitarianism without interpersonal utility comparison, unless we agree that preferences rather than needs or happiness are to replace utility (page 175).

Needs, a social welfare metric and the Arrow Problem: Braybrooke also conjectures that a concept of needs instead of preferences could get one around some of the paradoxes of social choice theory (pp. 27, 184-6). But here, his conjecture is sure to lead to less headway than in the previous discussion. Although needs alone can't help us get around some of the difficulties of voting cycles, they can point to ways of doing so.[15] Further, they do help us generate a slightly more interpretable mapping from the welfare of individuals to an aggregate conception of social welfare. But immediately we see that the victory will be incomplete. Without further assumptions, we will have little more leverage than that gained by Pareto optimality. After all, once we note that a society has not met the basic needs of all its citizenry we will have difficulty assessing the degree of failure without further (normative) assumptions. So, we may wish to add that the percentage of the population left without basic needs being met can be used to develop a partial ordering of social welfare, we will not get a full blown ordering without severe assumptions.

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14. Note also that life support needs are lexicographically prior to needs supporting social functioning.

15. To do that, needs would have to be weighed heavily in our preference functions. We show how this might generate a Condorcet winner in Frohlich and Oppenheimer (2005).

But this needn't mean that we should give up entirely. Consider the illustration in Table 1. Here we list 5 societies that presumably differ only in the percentage of the population that are 'needy.' In the illustration, there are two dimensions of neediness: D1 and D2. Obviously, a society like A, which has are no needy is ranked on top. In B and C, 10% of the population is needy, along one dimension. In B, they are all needy in one way, while in C they are split over the two types of neediness. Making no judgement regarding the weights of one or another basic needs (v the comment re prioritizing needs as in footnote 14), B and C would be tied for 2nd and 3rd place in terms of social welfare delivery. D, on the other hand, has the same 10% needy, but now all of them needy along two dimensions. Of course, one will need ancillary notions, such as, for example, that the 'depth of need' is equivalent in all cases for each dimension, but given such assumptions, it is presumed that having two shortcomings (e.g. housing *and* food) is worse than having only one for an individual. So D is 'worse' than B or C. But how we would compare D and E is unclear without further assumptions. Although there are more persons who are in need in E, they all have only one deprivation, while in D they have two.

Table 1: Toward a Social Welfare Metric

Societies	% of pop needy			social welfare rank
	only in D1	only in D2	in both D1&2	
A	0	0	0	1
B	10	0	0	2/3
C	5	5	0	2/3
D	0	0	10	4/5
E	10	10	0	4/5

The illustration gives us some insight as to what it would take to develop a more complete metric. One would need to specify trade offs between the numbers of people who are needy and the depth of their deprivation. And the metric for the depth of deprivation is also not going to be unambiguous. There will be various statistical measures of this that may need consideration including minima, and measures of dispersion.

DEMOCRACY AND NEEDS

The above discussion can be tied into the justification for democracy we offered above. For democratic citizens to play their role they must, along with certain well known rights, have the capacity to inform themselves and participate in the political process. Of course, it will be important to establish that the developed democracies have the political capability of maintaining prosperity, handling ethnic strife, etc. *and* proactively dealing with the basic needs of their citizenry. Assuming this to be demonstrable, then those citizens who lack the basic needs to provide for physical and social functioning, are essentially disenfranchised, and the expectable fruits of democracy is *de facto* denied them. This has been recognized as far back as Aristotle, one of the initial - though limited - champions of democracy. In his *Politics* he discusses the functions of the democratic state:

> Let us then enumerate the functions of the state: … First there must be food… (Politics, Book VII, Chapter 8) (Later, in discussing distribution he says): Let me discuss the distribution of the land… for I do not think that property should be held in common, … , but only that there be friendly consent that there should be a common use of it; and that no citizen be in want of subsistence. As to common meals, there is general agreement that a well-ordered city should have them … They ought, however, be open to all the citizens. And yet, it is not easy for the poor to contribute the requisite sum out of their private means, and to provide also for their household. … The land must therefore be divided into two parts, one public and the other private, … part of the public land being … used to defray the cost of the

common meals ... (Loc. Cit. Chapter 9)

Thus, Aristotle recognized the requirement that democratic states provide sustenance for the basic needs of its citizenry. In modern times, while acknowledging that differences across individuals may require different levels of resources to meet citizens' basic needs, Braybrooke (op. cit.) argues that considerations of justice require that all basic needs be met to a minimum standard for all individuals in societies. He notes that these basic needs include the necessities for physical *and* social functioning. Within the realm of social functioning he argues that there are several basic roles in which all citizens are expected to perform: "... parent, householder, worker and citizen." (Braybrooke, 1987 p. 48).[16] He offers a normative principle: that a minimum standard be set for the resources necessary to insure physical survival and to perform each of the roles. While declining to assign priority to any particular requisite in any particular category of basic needs he enunciates a principle of lexical provision within each category of need. By this he means that the appropriate method for society to meet basic needs is to set a minimal level of provision for each need and allocate resources so that after the minimum level for meeting needs in one category is achieved, no more resources are to be allocated towards them, but additional resources are to go to meeting needs in another category, until the minimal level agreed upon by society for all basic needs are achieved for all citizens.

Following Braybrooke's formulation, and given the justification for democracy noted above, we would argue that the promise that democracy makes is that it will meet the basic needs of citizens across the various roles they are expected to play in the democratic state. Sen's observation that famines do not occur in democracies (Sen, 1981, 1999 a & b) can be taken as evidence that democracies take this charge seriously. But preliminary evidence shows considerable variance in the delivery of a floor for minimal needs, even for such natural disasters as Sen was looking at. Take three cases: an enormous ice storm in the winter of 1998 in Quebec that threatened hundreds of thousands, if not millions in the province; the horrible heat wave in France in the summer of 2003, and Hurricane Katrina in Fall 2005 in the United States. Although the events are not strictly comparable, the death tolls are staggeringly different: 25 in Quebec, 14,802 in France, and more than 1800 in Katrina. There is a difference in the quality of response to the needy in democratic developed societies.

A Preliminary Inventory of Needs

We still need some detail in order to approach an empirical task of evaluation. What, for example, constitute the specific needs that are under consideration? Although Braybrooke himself proposes a list of needs (and so do others, including the UN) divided into two subsets: physical and social functioning of the individual, the list is quite sparse and intuitive. On p. 39 he sets out: for physical functioning a life supporting relation to the environment, food and water, excrete, exercise, rest, sleep, preservation of the intact body. Similarly, he identifies, for social functioning: companionship, education, social acceptance, sexual activity, freedom from harassment, and life without constant fear, and recreation. Now not all of these are state responsibilities, although the state might be said to be required to insure that others (e.g. violent gangs or mobsters) don't deprive individuals of these basic needs.

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16. He also notes that, to the extent that individuals either opt out of one or more of these roles or are incapable of performing in them for insuperable reasons, the level of provision for their basic needs can be adjusted.

Gillian Brock (2006) is a bit more abstract in her approach when she says: "a need is basic if satisfying it is a necessary condition for human agency." Brock notes that by linking inclusion on the list to agency one "can circumvent concerns about how an account of such needs could be sufficiently 'objective' . . . [to] . . . enjoy widespread cross-cultural support. . . . For instance, by definition, to be an agent one must be able to deliberate and choose. In order to deliberate and choose one will need at least (1) a certain amount of physical and mental health, (2) sufficient security to be able to act, (3) a sufficient level of understanding of what one is choosing between, and (4) a certain amount of autonomy. Because of its important role in developing (1)-(4), I also add a fifth basic need that underlines the importance of our social needs; namely, (5) decent social relations with at least some others" (chapter 3).

So we can see, enumeration is possible, and given that each society is a bit different, there may be slight variations in what are the actual instantiations of basic needs: so they would require quite different details in Brisbane than in Banda Ache. But food, shelter, health, education, work or other economic support when work is impossible, all come into play. Since there is far less variation in the structure of these items among the developed democracies than between any of them and members of the less developed and non-democratic countries, we will be able to make comparisons regarding shortcomings quite easily.

But before entering the realm of empirical testing, it is important to enter a caveat alluded to above. In the experiments on distributive justice cite above, subjects identified three normative components. Although needs were a pre-eminent factor, they were also concerned with efficiency and just deserts. While we acknowledge the necessity of paying homage to some economic efficiency and just deserts which have normative standing in their own rights as well as being instrumental in achieving efficiency, we side with Aristotle and those others who give priority to basic needs. Accordingly we propose that a first level evaluative criterion of democracies should be the extent to which they meet the basic needs of their citizens. This is in keeping with the formulation by Braybrooke, that we fulfill needs lexicographically but with satiation.

However, this argument brings us back to the observation with which we started. The differences in distributions of income and wealth within different developed democracies clearly lead to differences in the way and extent to which democracies meet (or do not meet) the basic needs of their citizens. Even in the most developed democracies, where societal wealth is clearly ample to take care of the basic needs of all citizens to some reasonable minimum level (the social safety net) there are numerous individuals who don't get the minimal support they need. In some fundamental sense, then, the justification for these democracies is undercut. If "life" is interpreted as the requisites of fulfilling the roles of a "parent, householder, worker and citizen", then clearly, in virtually all developed democracies, variable numbers of citizens are denied "life". Moreover, they have liberty only to function in a limited fashion, and are handicapped in their pursuit of happiness. It would seem reasonable to use the justificatory criterion of "satisfying basic needs" as a way of evaluating democratic performance.

EVALUATING DEMOCRACIES

Obviously, we have not developed sufficient fabric in the discussion of needs to give us a full template for the evaluation of democratic performance. For example, are we to evaluate societies only by the proportion of the citizenry 'in need' or also by their duration in such conditions (see the interesting study by Goodin et al, 1999 which attempts to investigate these different dimensions)?

Are we to consider all individuals 'in need' equally deprived, or are the levels of need, and the number of needs that are left unattended to be considered? Raising these concerns indicates that there is more analytic work on the metric of needs to be done, but at this point, we turn to another problem.

WHY AN EXOGENOUS METRIC TO EVALUATE DEMOCRACIES?

Imagine a democracy that don't choose to satisfy the needs of their citizens. If the democracy is stable, and people seem satisfied, who is to say that the result doesn't reflect the values of the citizenry? And what is to justify the imposition of a set of values that might be quite foreign to the populace. Indeed, looking at needs, rather than more amorphous preferences as an indicator of social welfare induces a major problem. Preferences are directly tied to choice. If preferences are given priority in considering social welfare there is at least a presumption that the satisfaction of political preferences is via responsive collective choice. Social welfare is then tied directly to the satisfaction of individuals in their democracy by simple measures of responsiveness of the outcomes to the shifts in preferences of the citizens.

Moving to need satisfaction seems to involve an imposition of an exogenous measuring rod of evaluation: one quite at odds with the entire normative justification of democracy.[17] In the tradition of economics such an argument would be quite devastating. Economists presume that each individual has a unique and stable preference structure. Such a view would mean that the citizenry's set of preferences are fixed, and although there can be instability in political outcomes for all the reasons identified above, as well as induced by changes in the environment, outcomes reflect the rules of the game and the set of preferences of the citizens.

The traditional view requires that individuals have unique, stable, well ordered preference structures. So entrenched was this idea that only a few years ago most sophisticated political scientists and many economists, presumed rationality to be a tautology: how could it be otherwise? Of course, much earlier, Kenneth May had shown that the premise was not a tautology (May, 1954). But at least since the mid seventies, the stability, uniqueness and interpretability of preferences has been under attack by cognitive psychologists. Consistent maximizing might not be a part of human nature after all (see the summaries of the findings in Rabin, 1998; Quattrone and Tversky, 1988; Grether and Plott, 1979; Simon, 1986; Tversky and Kahneman, 1986; as well as Shafir and Tversky, 1994). Indeed, the experiments that resulted in Prospect Theory (Tversky and Kahneman, 1981), demonstrated that the stability of preferences, and hence individual choices, are sensitive to the individual's interpretation of the decision context, and hence, dependent upon the way that the decision problem is framed.

The clear conclusion of the experimental and theoretical work is that cues that are given in the decision context determine the value structures that are evoked, and hence the choices that are made (see Frohlich and Oppenheimer, forthcoming). To demonstrate how context, can evoke different preference structures, we crafted a set of dictator experiments with a difference (Frohlich, et al. 2004). Rather than simply giving dictators money to allocate, dictators and their paired other subject

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17. Indeed, in 1990 Schotter (see his Chapter 7) made quite a serious argument that any evaluation of democracy required a fully endogenous metric of justice. Exogeneous theories, such as those of Rawls, and Braybrooke, were criticized as not reflecting the inherent self determination behind the theory of democracy. But Schotter goes on to show that exogeneity has problems of its own.

produced income by doing work. Then the dictators allocated the total joint income anonymously. Our conjectures were that the work context would 1) evoke "entitlement" values of a normative nature and 2) lead to more sharing on the part of the dictators than in a normal dictator experiment, and 3) cause the sharing to conform to some normative rules reflecting entitlement.

This being the case, the evaluation of democratic performance as responsiveness becomes more difficult. Which preferences are being evoked by the democratic political institutions may determine many aspects of the policy outcomes in said democracy. A system that encourages great fear and animosity in its political process may be followed with great loyalty by its citizens, yet one might wonder if its performance ought to be rated highly.

The question then arises as to what are the things that people seem to want from political institutions more generally. Obviously the social stability so prized by Hobbes is high up on the list. Any examination of the African and Asiatic tragedies on the front pages of the daily newspapers give evidence to that. But assuming socio-economic stability it would appear that the developed democracies can be expected to deliver a bit more. The question is what are the elements in this universal valuation of the state?

Experiments to examine the nature of justice from a Rawlsian perspective (see above, p. 10) have led us to observe a number of surprising uniformities. There were, of course, a number of treatments, but in summary, subjects in groups of 5 were told that they would be doing some work, and would be paid on the basis of their productivity. They didn't know what sort of work, and could not therefore, know their relative productivity to other group members. The subjects in numerous replications around the world always were willing to work toward a social contract, even if it took a substantial length of time to reach agreement. In other words, from behind an experimental 'veil of ignorance' individuals everywhere want to have a social contract. Further, they were able to reach one, unanimously. In virtually all cases, the form of the contract remains the same: they want a welfare floor to take care of needs, room for incentives to reward effort so as to insure just deserts, and to insure efficiency.

So there is a lot of agreement between people for a notion of justice – enough to support, at least provisionally, that there is a universal human valuation of a particular form of justice. It is this conjecture that we use as a justificatory basis for asserting the conception of social welfare of lexically satiable basic needs to be a good metric for democratic performance among relatively stable developed democracies.

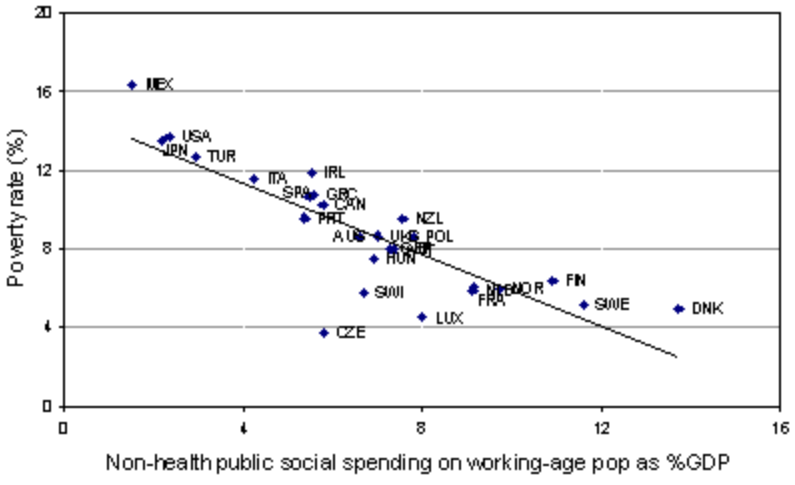

Figure 1: OECD relation between poverty rates and social welfare spending on working aged population (excluding health care)

DIFFERENCES IN PERFORMANCE

Of course, it could be that the provision of a social safety net is really an indicator of

economic performance, and not a function of policy. That, perhaps there are such moral hazards in the structuring of social welfare policies that decisions in the political system really can make no difference. In the United States, for example, it seems to often be argued that increasing support for the poor would just decrease productivity, and give us the problems of Europe.

The literature on this is interesting. One measure of the political efficacy of social welfare policy might be the poverty rate as a correlate of social welfare spending. But if the poverty were mainly among the working poor, and the social welfare spending were mainly in the form of old age payments, then there would be a mismatch of types. So the findings of the OECD, who were using a measure for poverty as 50% of the median income, is interesting. They found that among the OECD members, a very high level of correlation (r = .824) exists between spending on social welfare (excluding health) programs for working aged people and ending poverty (see **Figure 1**).

Of course, one might wonder if the social welfare spending decreases productivity, and here, other findings are useful. Consider the work of Goodin, et al. (1999), who looked at a long panel study (circa 1984-1994) having to do with various aspects of the political economy of Germany, Holland, and the United States. Specifically examining the fate of the poor, and the performance of the economy they discovered that the United States' lack of social welfare spending meant that similarly performing economies produced very different results for the average citizen (see Table 2).

Table 2: Growth in income - post tax/transfer 1984-95

per cap income growth	
Germany	**17%**
Holland	**18%**
USA	**16%**
median household income growth	
Germany	**14%**
Holland	**16%**
USA	**1%**

Although these are not fully thought out measures for our purposes, they are suggestive, and indicate that considerable differences in performance, using our conception of social welfare exist between the developed democracies.

EXPLAINING DIFFERENCES WITH POLITICAL STRUCTURES AND SOCIAL CONSTRAINTS

(THIS SECTION IS A VERY PRELIMINARY DRAFT)

This section is basically left for another day but the argument will be sketched that it is mainly the checks and balances against democracy that protect undesireable (in terms of the above consideration of needs) status quo policies that prevent the democracy from delivering social welfare to its citizenry.

By thwarting majority decisions via institutionally requiring super-majorities for many decisions to change the status quo, our constitution has in fact generated a government with less responsiveness, and one which takes less responsibility for social outcomes.

Preferences alone when tied to problems of distribution are not likely to generate equilibria in majority rule contexts. And even when they do, some institutional factors may well alter the outcomes. In the discussion that follows we necessarily break up the discussion into factors as if they exist independently of each other, but this is preposterous. Rather, informal arrangements are encouraged, generated, and otherwise affected by the formal structures of the political system. So after discussing the elements singly we will attempt to try to round the discussion by considering the interaction effects of the variables discussed. But to begin with, let us consider some contextual variables that exhibit considerable variance across the developed democracies and sketch their likely

effects. We begin with the most obvious: turnout, or who is empowered to vote.

TURNOUT AND SUFFRAGE

It is easy to develop a sense of the importance of turnout in our models. Everywhere, the behavior of actually going to the polls to vote is a function of income. If the granting of voting rights is related to having an address, for example, then the homeless (obviously mainly very poor individuals) will not be able to vote. If convictions as criminals are a function of income (they are), and if restrictions on voting are imposed for criminal behavior, then again, the poor will be less able to vote.

Assume, as we have, that the interests in social welfare are also a function of income, and it is clear that turnout differentials that are correlated with income could have a large affect on the outcome of otherwise identical political processes. In the simplest case, imagine that a fraction of the persons who don't vote are near the left of the line in Figure ? that constitutes the '1 dimensional' political space, while all the others do. This will shift the median voter to the right, and hence, also shift the predicted outcome from the simplest majority rule institutions.

Turnout and its correlation with income varies greatly across the developed democracies. Xx add detail xx. We certainly conjecture the outcomes regarding distributive matters across income classes will reflect who votes and differences in who votes will be reflected in differences in whose interests are satisfied.

FINANCING POLITICS

Our image of politicians in democracies is that of self-interested individuals who aspire to reelection. This helps us understand their interest in responding to voters' requests. But satisfying voters' demands isn't the only factor needed to win elections. Voters are notoriously uninformed about the actual state of public policy and the role of the particular politician in it.[18] This leads to the need for publicity and advertising, and hence: media access. We can think then, from the politician's point of view, that three must exist a production process for votes; and money, policies, favors, are part of the factors of production.

Xx (flesh this out) There are enormous differences in the financial arrangements regarding the costs of media access in elections among the democracies. In general, parties that are sufficiently 'popular' or 'supported' in the previous electoral cycle are 'certified' and must be given free or subsidized air time. This formula has considerable latitude in application. How much air time, at what cost, to whom, where, etc. all vary considerably. How much parties can spend on elections beyond that which they are 'given' is also variable, as is where the money can come from.

Xx illustrations from nz money crisis xx. Of course, money, like votes, are given to support policies and candidates one wants to win. When some corporate donors appear to give to 'both' sides, it is not just out of 'altruistic' interest in supporting the electoral system. Such behavior is correlated with policy or regulatory interests and support, therefore, doesn't come 'free' in terms of policy outcomes.

Xx data xx. In some countries the government has a major presence in the media and news markets. So, for example, we can think of few developed democracies that have a less well

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18. Indeed, this is a sufficiently important topic that we treat it more fully below (see p. 21).

established national broadcasting system than the US. These media corporations are often required to participate quite heavily in the information dispersion process during election times: in giving free broadcast space for debates, etc.

In general then, we would expect that the existence of costly elections, financed at the private trough, would indicate that corporate, wealthier, interests will be more heavily weighted in the political processes. Similar to turnout constraints, finance constraints are likely to overweight the wealthier voters and their interests.[19]

POLITICAL INSTITUTIONS AND EQUILIBRIA USING MAJORITY RULE

In the earlier section on Social Welfare and Democracy we sketched the relation between outcomes, equilibria, and institutional details (see page ?, above). The lesson is that one can not understand the outcome of a democratic process as a simple 'aggregation' of the preferences or choices of the individuals involved. Rather, the details of the aggregating, or decision making institutions can be understood to play a heavy role in determining the results. When there is a lack of equilibrium such institutions may generate one, and were there an equilibrium the details of the institutions could both prevent that equilibrium from being reached, and could equilibrate otherwise non-equilibria.

That being the case, we here discuss some of the detail institutional elements that help to determine the outcome of democratic choice in matters that determine social welfare and that we will consider as independent variables in our analysis of the data regarding social welfare.

What we discuss here is neither novel nor surprising, but together they make for a set of factors that we expect can be shown empirically to account for much of the great differences in social welfare delivered by the different democratic systems in the economically developed world.

FORMAL PROPERTIES OF THE INSTITUTIONS: VETO POINTS, PIVOTS AND EQUILIBRIA

Institutions don't grow by themselves. They are generated by the utility that they have to the actors. So we can think of the institutions in terms of how they help the politicians go about their jobs and get reelected. Of course, they have a life that may vastly extend beyond their original purpose, but it is useful to think of how the institutions empower the politicians.

If we consider the example of a particular institution, such as a rule to end debate in a legislature (e.g. the rules that enable what are called filibusters in the US Senate), we may want to note how they create veto points and pivotal voters. Specifically, consider the rule in the US Senate. The rule stipulates that 60% of the members have to agree to end debate. Hence, a disgruntled 40% can prevent any voting on a proposal on the floor of the Senate

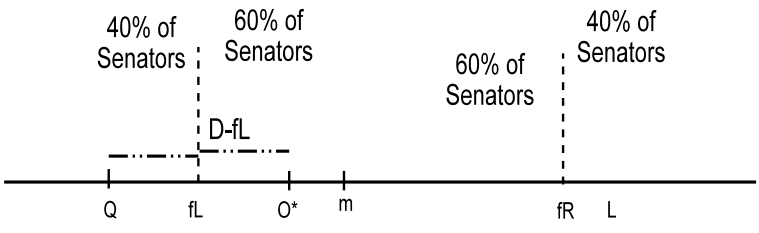

Figure 2: The filibuster rule empowering 40% to prevent the end of debate on a bill.

19. Considerable analytic work has been done on this. Some of it is nicely summarized in Mueller, 2003.

and hence, prevent the public's status quo from being changed. Consider then how the institution works. Assume, for simplicity, that the issue is one in which the median voter's position is the majority rule equilibrium. Then the 40th (and 60th) percentile voting members of the legislature are able to prevent the debate from stopping: they can veto the consideration of the legislation to move the status quo. Analytically, this means that there are two cases to consider, defined by the position of the status quo relative to the position of the 40th percentile and 60th percentile voters along the line (see figure 2).

The first case has the status quo between these two members' ideal points (**O*** in the figure). In this case, moving the status quo from a position already between the two 'veto players.' Note that no movement is possible toward **m** (the median voter's ideal point). For if someone proposed legislation that moved from **O*** to the right, the left 40% of the members would constitute a filibuster bloc and could be counted on blocking the move. Similarly if **O*** were to the right of **m**.

On the other hand, the status quo could be at Q, beyond the space defined by the distance between the ideal points of the veto players. Then a proposal would have to be crafted such that the left block would be smaller than 40% against the proposal. Assuming that **fL** cares equally about the distance to his ideal point on either side, then to garner her support, the proposal would have to be closer to **fL** than **Q**. Or she would only vote for a proposal that was closer than **O*** to **fL**. In other words, **fL** and **fR** are 'pivotal voters,' or 'play makers.' People with interests about legislation will pay special attention to such play makers, and we would expect that financial benefactors would also.

An institutional structure that creates many veto players insures that legislation will be relatively costly to enact, and that the outcome will not be particularly responsive to the median voter's interests and positions. A further point can be made: There is a parallel between electrical circuits and political institutions. We can consider institutions that are in parallel and those that are in series. (Dixit, 2003) If one can get something done in a number of ways, the paths are parallel. We would expect that costs are contained by such arrangements. On the other hand, when the action requires a particular route to enactment, then all the gate keepers (now in series) need to be dealt with. Of course, all real world processes are a mix of these things. Presidents can enact policy by 'decree' but it doesn't have the same force, nor the same status or difficulty being changed as would a law.

PARTIES, DISCIPLINED VOTING

In most parliaments where the survival of the executive depends upon the glue of a legislative majority coalition, political parties are able to demand strict loyalty for voting on the issues that come before parliament. And voting regarding governmental matters will be determined in the 'cabinet' of the prime minister. In keeping with the emphasis above on veto points and pivotal players, it then becomes clear that the existence of disciplined parliamentary parties would restrict the potential for a proliferation of independent 'play makers.' These more specialized fiefdoms would not show up as a separate 'check' or 'balance' that could thwart the will of the majority. Of course, the fact that disciplined parties come from, or are strongly reenforced by, the parliamentary system of government will make it far more easy to test the relationship between social welfare and political structures.

OTHER ASPECTS OF THE ENVIRONMENT

The above discussion focused on what we quite narrowly mean by 'political' processes and

political institutions. But there are at least 4 other, less immediately political, aspects of democratic societies that we believe impact strongly on the translation of political processes on social welfare. We touch on each of those here.

A Sense of Justice

Elsewhere (Frohlich and Oppenheimer, 2005) we have shown that even a partially shared sense of distributional justice can equilibrate a political trajectory so that the long term 'end state' regarding the distribution of welfare will conform to the shared conception of justice, and not lead to the expected voting or social choice cycles over distributional matters, as discussed above (see page ?). The variable that determines the likelihood of cycles over distributional matters is the priority the political system induces in the citizens' valuation of 'fairness' and 'justice' which we would argue stems from the capacity of the political process and 'leaders' to 'frame' issues more generally (see Frohlich, et. al., 2005).

Again, the more 'disciplined' the parties, the fewer the independent 'play makers' the easier it will be to frame political issues coherently. The existence of many independent political veto points will mean that there will be a sharing of political power: checks and balances will disburse the message makers and hence the framing of political issues will be more a function of other interests rather than deliberate political strategy of teams of vote-getters.

Mobility of Capital

The ability to tax progressively is limited by the ability of individuals to move their income and wealth to jurisdictions to avoid taxation (Boix, 2003). In so far as the larger social insurance programs must be financed by taxes, and, if the benefits are to go to the poorest, part of the support of these programs must come from redistributional aspects of the taxes the redistributional possibilities are limited by the mobility of capital and income.

Information

Given our understanding of public goods as being given to a group of individuals, the outcomes of most political (as opposed to personal) decisions are quite obviously public goods. We can draw implications from collective action analysis regarding how people will inform themselves regarding political decisions, such as voting. Information, and information processing is costly. Consider Heather, a newspaper reader. She notices the variety of things to read, and chooses, within the constraints that she has perhaps ½ hour at breakfast. Twenty or more minutes were spent on page 1 and now she skims; the headlines suggest to her many items of interest. On page 4, something that looks negative and important concerning a candidate she was going to vote for in the next election, and there also, an item on pollution at the beach Iris was planning to go to for vacation. Of course she is torn, wants to read both, but must run. How to decide?

Let's consider why Iris is so likely to read about the beach and not the candidate. Getting information about the candidate can lead her to avoid the error of voting for the wrong candidate: someone she would rather not see win. Getting information about the beach can lead her to avoid the error of going to the wrong beach, someplace she would rather not swim. If it is an important office, probably the election could have a bigger impact (higher taxes, loss of programs that matter to her, perhaps a war, etc.) than a somewhat less nice vacation, *but* . . . Gathering all the information in the world about the candidate isn't likely to do more than prevent her from making a mistake in her voting. It is very unlikely to change the outcome of the election.

Similar to the logic of collective action, the rational voter decides not to invest in the information about the public good: not so clearly because of self-interest, but because of lack of efficacy (Downs, 1957).[20] The argument leads to a law-like statement:

> **In general, individuals have a radically discounted interest in acquiring information about political affairs. Citizens will, in general remain rationally ignorant.** (Downs, 1957).

This has implications for the performance of democracies:

to remain informed there has to be a 'cheap' stream of information for the voters. So for example in the fall of 2005, all the citizens of New Orleans, and the gulf coast region of the United States, directly observed the effects of Hurricane Katrina. Many of them also directly experienced or were neighbors of those who experienced the failures of the response of the government in giving aid. In Louisiana, no could not avoid knowing that the levees gave way, that rescue efforts were dismal, that the poor blacks were virtually left to die, that FEMA failed in delivering help. Voters who felt that they too may have been abandoned need not have more information than that to know they want the government to be changed.[21] But not all information need be gathered in such a casual manner.

Wealth brings one private interests to acquire political news, hence the wealthy will be far more politically informed than the poor. Therefore, without mass organizations such as unions, class based parties, the poor generally will not correctly identify their political interests, but the wealthy may.

PRIVATE PROPERTY RIGHTS

There is, perhaps, an interesting relationship to be seen between private property rights and the British common law tradition. For in common law societies (e.g. all of the ex-members of the British empire) what becomes law is a function of how particular legal precedents can be used to shed light on current cases. This means that the legal code is changed not one decision at a time, but on an accrual basis by courtroom decisions. In such a system, the decisions regarding one private property rights, perhaps originally argued for only one form of property, can gradually be extended to other forms of property. Similarly behaviors can be protected far beyond what was originally conceived as being covered.

So, for example, the free-speech protections in the US Bill of Rights was extended to cover corporate speech (i.e. advertising, etc.) in a manner totally unlikely to have been consistent with the framers' conception of the meaning of freedom of speech. The same path led to a strong protection for an equal role for corporate money in electoral politics, even though by doing this, the free

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20. Reviewing one experimental design is revealing, running it in a class is eye opening. John Pisciotta, an economist at Baylor University designed a simple in - class experiment about rational ignorance that is also a learning exercise for the participants. They are given a budget to spend on gathering information about a private purchase and a voting in a referendum decision. The values are similar for the outcomes in the two classes, and the students can choose what information to invest in. Round one leads to a split investment pattern. But quickly the pattern of investment in information shifts to the private decision as the students become aware that there is less to be gained in gathering information on what to vote for than what to buy.

21. Indeed, I should note the empirical finding of Amartya Sen (1981) that famines never have happened in a democracy. His theoretical discussion of this (in chapter 7, "Famines and Other Crises" 1999) is in the spirit of this essay.

speech was being given neither to 'voters' nor to 'associations of voters.' Rather, the right to buy commercial political messages was being given to corporations.

And although the rights that slave-holders had to their slave property were terminated by the Civil War and the constitutional changes thereafter, such a conclusionary tale may miss the point. Because slavery was contentious, and many cases were brought to court, many nuances regarding property rights were developed in the United States. The many protections built up by common law decisions securing the rights of property owners to slaves had been extended to other forms of property and served to extend the conception of private property rights in the United States.

PULLING TOGETHER INSTITUTIONS AND ENVIRONMENT AND OUTCOMES

How do the factors we have discussed come together to affect the outcomes regarding social welfare?

CONCENTRATED INTERESTS AND DISPERSED CONSTITUENTS

RESPONSIVENESS AND RESPONSIBILITY

TRUST IN GOVERNMENT

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