

The AMERICAN JOURNAL of
ECONOMICS *and* SOCIOLOGY

Published QUARTERLY in the interest of constructive synthesis in the social sciences, under grants from the FRANCIS NEILSON FUND and the ROBERT SCHALKENBACH FOUNDATION.

IN FUTURE ISSUES

Land Speculation in Southern California

By MICHAEL F. SHEEHAN

Univ. of Iowa

Markup Pricing and the Auto Industry

By FLOYD B. MCFARLAND

Oregon State Univ.

'Justice' in Economic Thought

By MORRIS A. COPELAND.

Venice, Fla.

Education and Occupational Incomes

By R. BENNETT, R. MOUNT and C. CASPER

Kent State Univ.

The Role of State-Owned Businesses

By RICHARD P. NIELSEN

Boston College

Organization Size, Structure and Efficiency

By B. R. ARMANDI and E. W. MILLS JR.

Long Island Univ./Univ. of Texas

Trade Adjustment Aid and Resources

By LESLIE STEIN

Macquarie Univ.

The Local Public Volunteer Sector

By CHARLES E. ZECH

Villanova Univ.

Liquor Control and Social Policy

By W. E. SPELLMAN and M. R. JORGENSEN

Coe College/Washington Univ.

Subscription (U.S.), \$10 a YearSingle Copies, \$3

5 East Forty-fourth Street
New York, N.Y. 10017

The American Journal of
ECONOMICS
and
SOCIOLOGY

On this <i>Journal's</i> 40th Anniversary— <i>W. Lissner</i>	321
The Reagan Economic Program— <i>J. L. Naar</i>	328
Political Profit: Taxing and Spending in Democracies and Dictatorships— <i>A. G. Cuzán</i>	329
On the Passing of Angus Campbell— <i>P. E. Converse</i>	341
Proposition 4, Tax Reduction Mirage— <i>R. J. Cebula and L. Chevlin</i>	343
The Latin Melting Pot Is Boiling Over— <i>M. D. Winsberg</i>	349
Harriss Named to Direct Academy	352
Decentralization and the Decline of the Central City: The Case of Bridgeport— <i>K. Schlichting</i>	353
The 'New Class': The Concept, the Hypothesis and the Idea as a Research Tool— <i>F. L. Pryor</i>	367
Instrumentalism, the Principle of Continuity and the Life Process— <i>L. J. Junker</i>	381
Culture in Neoinstitutional Economics— <i>R. L. Brinkman</i>	401
Edward Bernays at 90	414
Individualism and Institutionalism Revisited: A Response to Professor Bush— <i>D. W. Seckler</i>	415
Ayres' 'Theory of Economic Progress'— <i>D. Hamilton</i>	427
Index to Volume 40	i

VOL. 40

OCTOBER, 1981

No. 4

Published QUARTERLY in the interest of constructive synthesis in the social sciences, under grants from the FRANCIS NEILSON FUND and the ROBERT SCHALKENBACH FOUNDATION.

history of economic thought and deleting it might be doing the historians a disservice. Until the controversy progressed I did not know that I made the right decision in leaving the anger in. (Normally we discuss this with an author; in this instance, discussion might have influenced him irrationally.)

The Reagan Economic Program

WHILE THE REAGAN ADMINISTRATION'S economic program carries high political and economic risks, it represents a major turning point in U.S. economic history, according to a Conference Board analysis.

The report credits the program's early successes to the "comprehensiveness" of the Administration package. While federal spending in fiscal 1982 may sharply surpass the Administration's ceiling and the federal budget deficit could easily top \$50 billion, the new economic program represents an unprecedented effort to reduce the reach of the federal government. Michael E. Levy, director of economic policy research at The Conference Board and author of the report, observes: "President Reagan will have demonstrated the political feasibility—and, perhaps, even the economic viability—of curtailing large and popular federal spending programs and of containing the relentless growth of the federal government."

The Administration's so-called "safety net" to protect "the truly poor and needy" consists mainly of Social Security benefits, Medicare, basic unemployment insurance, supplemental security income and some veterans' benefits. Some of these programs, however, are not confined solely to the poor. Proposed cutbacks in many other Government programs—including Medicaid, food stamps and the Legal Services Administration—are likely to have a severe impact on lower-income groups.

The report points out: "In view of the fact that a wide range of government programs benefits the needy in major ways, it is practically impossible to design massive civilian spending cuts that will not have serious adverse effects on many needy persons."

Despite the political pitfalls ahead (and the fact that some sectors of society will be hit harder than administration officials suggest), the new economic program represents "an impressive achievement."

Dr. Levy declares: "President Reagan, for the first time in decades, has restored intellectual and political respectability to the notion that 'government activism' not only should, but actually can, be contained. Once established, the political feasibility of curtailing large and popular federal spending programs opens a door to considering many policy options that were heretofore foreclosed." [From JOSEPH L. NAAR for the Conference Board.]

Political Profit: Taxing and Spending in Democracies and Dictatorships

By ALFRED G. CUZÁN*

ABSTRACT. The economic analysis of the power to tax and spend, or what Franz Oppenheimer called "the political means," is applied to *democracies* and to *dictatorships*. The constraints imposed by democracies and dictatorships on the "iron law of political redistribution" and the "law of hierarchical centralization" are examined. It is shown that the *fiscal exploitation* inherent in these two laws of *political profit* reaches its fullest potential in a dictatorship, where a single *firm* attempts to *monopolize* the government by forbidding *competition* to its rule. *Democracy* and *capitalism* are correlatives, since they both rest upon *rights*, which necessarily imply *property*. Both *socialism* and dictatorship destroy rights, the former by abolishing *private ownership* over capital and resources, the latter by forbidding the use of such resources for the purpose of competing against the ruling group. The greater the *centralization* of the *State*, the greater its capacity to expand its power; and the greater the scope of the *State*, the more economical it becomes to centralize the government, with force if necessary. Thus, dictatorship and socialism converge in despotism.

I

Introduction

IN AN EARLIER PAPER published in this *Journal*¹ I began to analyze deductively the micro-economics of what Franz Oppenheimer called "the political means."² This is the power to expropriate income and wealth in the name of "the State." Government was viewed as a profit-maximizing firm which yields real income to those who control it. Political profit was defined as the difference in value between what government raises in taxes and what it spends on beneficiaries.³ It is the portion of taxes retained by the rulers of society for their own benefit. Political profit takes many forms, including money, control over buildings and furnishings, status, publicity and information, and whatever satisfaction is derived from "doing good." Since, according to Spencer, all men are moved "by nine parts of self-interest gilt over with one

*[Alfred G. Cuzán, Ph.D., is assistant professor of political science, University of West Florida, Pensacola, Fla. 32504.] Thanks once again to James L. Busey, James Buchanan, David Collier, Paul Sagal, and Gordon Tullock for their criticism and encouragement while the ideas presented in this and the previous paper were being developed.

American Journal of Economics and Sociology, Vol. 40, No. 4 (October, 1981).

0002-9246/81/040329-12\$00.75/0

© 1981 American Journal of Economics and Sociology, Inc.

part of philanthropy"⁴ the goals of public officials are, like everyone else's, largely concerned with their own persons and careers and only incidentally with the welfare of others.

Two important deductions were derived from the axiom that the rulers of society act purposefully to satisfy their own private wants and desires. First, political profit is maximized by taxing the mass of the uninformed, unorganized and largely apathetic public and spending on well-informed, well-organized, and intensely motivated groups of activists. This is the way in which support for government policies is maximized or opposition minimized. I called this generalization "the iron law of political redistribution."

The other important deduction derived in the first paper is "the law of hierarchical centralization." All States governed by a constitution which vests ultimate authority at the national level become centralized over time. This is because such a constitution provides national officials with the legal means to prevent competing politicians at lower levels from building support for their policies or programs, particularly beyond the jurisdiction of their city, state or province. By vetoing, amending, or insisting on approving public action at lower levels, national officials monopolize control over the State, thus maximizing their profit. A succession of chief executives, each taking momentary advantage of real or imagined "crises" to weaken the support base of potential challengers at lower levels, results in the centralization of government over time.

This paper continues the economic analysis of the "political means." A hierarchical State composed exclusively of executive officials is still assumed. Democracies and dictatorships are examined for the constraints which they impose on the laws of political redistribution and hierarchical centralization. The relations between capitalism and democracy, on the one hand, and socialism and dictatorship, on the other, are explained. For empirical validation, heavy use is made of *Oriental Despotism*, by Karl Wittfogel.⁵

II

Political Competition in Democracies and Dictatorships

ALWAYS AND EVERYWHERE government is driven by the desire of politicians to make a profit from taxing and spending. This engine of redistribution can be benign or deadly, according to the structure of the power which rules it. Democracies and dictatorships are quite different forms of governmental organization. Whereas democracy constrains the political means with constitutions, elections and individual rights, dictatorships put no such restraints on the rulers. As a result, democracies are more resistant to the "law of hierarchical centralization" than dictatorships.

Democracy is a political system in which anyone has the right to compete for the voluntary support of others in order to influence a government office or gain control of it by winning the majority of the votes cast in a free election. This definition is similar to Schumpeter's. He defined democracy as "that institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people's vote."⁶

In other words, democracy is a market for votes. It is the political counterpart to free competition in business. As Becker puts it: ". . . In an ideal political democracy competition is free in the sense that no appreciable costs or artificial barriers prevent an individual from running for office, and from putting a platform before the electorate. . . . Indeed, perfect competition is as necessary to an ideal political democracy as it is to an ideal free enterprise system."⁷

In a democracy, the number of public offices grows as political entrepreneurs try to wrest power from each other by appealing to the citizens to grant them independent control over resources within the scope of the State. New offices are created until the constitutional and legal costs of securing majority consent from the citizenry, combined with the political costs of overcoming opposition on the part of established office-holders fearful of a diminution of their power, approach the benefits which the new offices confer on those who expect to win them.

Democracy raises the cost of centralizing the government for the chief executive. He will be opposed by politicians at lower levels who will try to rally their constituencies behind them in the name of local autonomy and decentralization. However, as long as the constitution makes state and local officials subordinate to the chief executive, he will find ways of using this authority to erode their power. He will do so as long as the support he can obtain for his actions from groups who stand to benefit from them is enough to overcome the opposition generated from those who stand to lose power and influence at the lower levels. Democracy slows down the inevitable course of centralization but does not stop it altogether.

Dictatorship is a political system in which competition for support is forbidden by a monopoly firm. Under these conditions, the "law of hierarchical centralization" exerts its greatest force. The ruler outlaws all public appeals to the subjects except those by himself or his aides. The media of communication come under State censorship if not direct control. The occupant of every public office serves at the pleasure of the dictator. Anyone who challenges his power risks persecution, imprisonment, confiscation of property, deportation, or even death.

Competition for power is never completely suppressed in a dictatorship, however. For one thing, the dictator's closest aides fiercely struggle for position in the hierarchy of favors and privileges established by him. But even more important, his most daring subordinates and opponents will be tempted to engage in underground conspiracies. Maneuverings and intrigues revolve around *coups* and other violent means of overthrowing the dictator and redistributing the pattern of power he has established.⁸ Thus, political competition is still present in a dictatorship, only it is secret and violent rather than open and peaceful.

In a democracy, the amount of support necessary to gain and retain the office of chief executive is smaller than in a dictatorship, *ceteris paribus*. This is due to the lower stakes and risks characteristic of democratic politics. A ruler can do less *for* his friends and *to* his enemies in a democracy than in a dictatorship because of the constitutional limits on his power. Hence, he is likely to incite less loyalty or enmity than a dictator, whose power is limited only by the scope of the State.

Dictators and their rivals must necessarily reward or promise to reward their supporters and personal followers more handsomely than executives in democracies in order to compensate them for the higher risks. This explains why absolute dictators tend to surround themselves with political "eunuchs" who owe their position exclusively to their personal relation with the ruler. This phenomenon has been noted by Wittfogel, Oppenheimer, and Bertrand de Jouvenel.⁹

Competition in a dictatorship is more likely to result in the victory of the politician with the greatest net support than in a democracy. This is because of the nature of the one-man, one-vote rule which ignores differences in intensity among voters. It is possible that the victor of a democratic election was supported weakly by a majority which was almost indifferent toward winner and loser while the losing politician was supported by a large minority which was strongly behind him, so that the latter actually enjoyed the greatest net support.¹⁰ In a dictatorship, a violent struggle for power would prevent that from happening. The intense minority would take up arms against the politician supported by a majority unwilling to fight on his behalf. The minority-backed politician would become the dictator.¹¹

Thus, while democracies insure that the most popular candidate wins, he may not be the one with the most support among the population. What a democracy requires is that the winner acquire a broad enough base of support to win a majority at the polls. This eliminates the possibility that a small

minority willing to die for a "cause" or risk death in political struggles will gain control of the government without the consent of at least a majority of the citizens, as is the case in a dictatorship.

III

Political Redistribution in Democracies and Dictatorships

RADICAL CHANGES in the fiscal distribution of taxes and expenditures are less likely to occur in a democracy than in a dictatorship. In a democracy, politicians are always looking out for potential sources of electoral support. Taxpayers can be wooed with promises of lower taxes and beneficiaries with pledges of no reductions or even increases in expenditures on programs that favor them. These efforts are directed at the marginally indifferent. These are people who are close to considering themselves either taxpayers or beneficiaries *vis-à-vis* a politician or a policy by a very small margin.¹² In public choice theory, this is known as the median voter theorem.¹³

The necessity of having to appeal to the "man in the middle" in a democracy discourages most politicians from attempting to make massive changes in the fiscal structure at once. Instead, they settle for marginal changes to secure the support of various groups without generating too much opposition from other groups. Most taxpayers or potential taxpayers can find someone to support in exchange for lower taxes. Where elections are frequent, political victories are short-lived. No sooner has the politician won than the task of coalition building and maintenance has to be resumed. Thus, no democratic politician can afford to alienate more than a small fraction of the subjects. Conditions in which an increasing number of taxpayers come to regard their fiscal status as unacceptable are avoided.

Moreover, as long as the levels of government are free to undertake independent fiscal action, those who regard themselves as taxpayers at one level can still be beneficiaries at another level. The two fiscal actions cancel each other, so the net effect on the fiscal distribution is minimal.

In a dictatorship, political victories last longer and are more encompassing. The winner uses his power to eliminate from the scene past or potential competitors in the name of "national tranquility" or "the defense of the revolution." Once the government is firmly under the control of the dictator, he can proceed to exploit the subjects at will. Thus, massive redistributions of income and wealth are easier to accomplish in a dictatorship than in a democracy.

The most radical fiscal changes are the result of *coups* and "revolutions" which replace decadent or ineffective dictators by energetic or efficient ones.¹⁴ The wealth of the vanquished and their supporters is confiscated. Heavy taxes are imposed on many who had formerly remained indifferent. New programs are initiated to reward the supporters of the "revolution." Once a new order of power is established, however, the fiscal structure stabilizes. Once again, taxes are raised among the uninformed and the unorganized and expenditures bestowed on the informed and the organized. Since the opponents of the regime are forbidden to organize, only the supporters of the dictator benefit. Thus, the fiscal exploitation which results from the "iron law of political redistribution" is far more pronounced in dictatorships than in democracies.

IV

Capitalist Democracy vs. Socialist Dictatorship

IN A DEMOCRACY, government is necessarily limited by the rights of property. The right to compete for the control of the "political means" insures that society remains free. Dictatorships, however, are potentially unlimited in scope. As the size of a dictatorial State grows, government evolves into ever more despotic forms until society approaches what both Marx and Wittfogel called "systems of general slavery."¹⁵

Democracy rests on rights and hence property. If an individual is free to compete for the support of others, then he has the right to communicate with them, assemble followers and marshal resources to lobby the government and contest elections. Every citizen owns his vote, which he is free to cast for the candidate of his choice. Moreover, every citizen has the right to use his labor and wealth in support of or opposition to a political party, candidate or policy. Thus, property is implied in democracy. In short, there is a necessary relation between democracy and capitalism. It should not come as a surprise that, as Schumpeter notes, "modern democracy rose along with capitalism, and in causal connection with it."¹⁶

In a dictatorship, individuals have no rights. Anyone's wealth or income is subject to confiscation by the government for purely political reasons. Challenging or simply supporting the rivals of the ruler is risky. A secret police applies force on and confiscates the wealth of real or suspected opponents of the regime. Mere criticism of the policies or person of the ruler can be costly for those who engage in it.

Dictatorship is incompatible with property rights. These are destroyed if the nominal owners of resources are not free to use them for the purpose of attracting the voluntary support of other citizens for their candidacies or

policies. It is true that even in absolutist regimes individuals can still accumulate great amounts of wealth independently of the government. But such control is a *privilege* granted by the ruler for reasons of political expediency, not a right which he is constitutionally bound to respect. The man of wealth who finances political opposition to any dictator—and sometimes even if he simply refuses to pay him "protection money"—risks arbitrary confiscation of everything he owns, including life itself. Where the power of the dictatorial government is small—*i.e.*, where the scope of the State is narrow—this risk is low. But the greater the power of a dictatorial government, the less secure people's control over their wealth and hence the more politically precarious their "property" becomes.

In a democracy, if a ruler attempted to violate any of the people's rights, or was lax in their enforcement, competitors would quickly offer their candidacies to the citizenry, promising to abide by the constitution if elected. If a majority felt their rights to be threatened, the ruler would be voted out of office.¹⁷ In a dictatorship, however, a citizen has nowhere to turn when what he thought were his "rights" are arbitrarily disregarded by the ruler. Without political competition among parties, citizens are helpless when their property is arbitrarily seized or the constitution ignored by the government.

If a dictator set out to respect property rights regardless of the political use of resources made on the basis of those rights, he would bring about his own downfall or even that of the dictatorship. His rivals and opponents would now be free to attract resources for their campaigns or ideas. If dissatisfaction with the ruler were widespread, it would not take very long for even a relatively small number of organized activists to lead a mob to the palace and depose the dictator with the support of his own military.

This is essentially what happened in Russia. During the last half of the 19th century, the Czarist government "promoted Western forms of strong property, private enterprise, public discussion, and local self government."¹⁸ Wealth became secure, political parties were allowed to organize and the press grew increasingly free. The economy, especially industry, grew at a rapid rate, developed by a new class of entrepreneurs.¹⁹ When the government's military machine was defeated during World War I, the dictatorship was overthrown with the help of the capitalists. The subsequent overthrow of the provisional government in a coup staged by the Bolsheviks, who proceeded to destroy private property with force, resulted in the revival of despotism in Russia in the form of a bureaucratic "apparatus State."²⁰

It is interesting to note that the democratization of Spain after Franco's death was also preceded by a period of increasing economic freedom and its

corollary, economic growth.²¹ In a letter to the author, Professor James L. Busey writes:

[A]fter about a quarter century of regulation and suffocation of the rights and uses of private property, Francisco Franco was persuaded in the late 50s to reverse his policies, to remove excessive regulation from the use of private property, to invite in foreign capital, to relax import-export restrictions, to lift burdens from investment, etc. The result: The greatest economic boom that Spain ever experienced, and one of the most sensational in Europe, from about 1960 to the present time, when political uncertainties for the future have somewhat slowed this growth.²²

I would add that the restoration of democracy after Franco's death could not have happened without the strengthening of property rights that took place during the last fifteen years of his rule. It is only when private property is secure that what Wittfogel calls "the germs of a multicentered society"²³ can grow strong enough to establish a democratic government. By his own actions, Franco made it possible for the dictatorship to be buried with him. Whether it comes back to life depends partly on the fate of property rights in Spain. If uncertainty over property is removed, Spain will not only prosper, but will likely experience a democratic revival as well. The present could be what Wittfogel calls an "open historical situation"²⁴ for Spain. This is a time when a society has the opportunity to choose whether to become free or allow itself to be subjugated by despotic rulers once again.

Whereas dictatorship of a large enough government is incompatible with property rights, socialism on a mass scale is incompatible with democracy. Under socialism, control over all or most resources rests exclusively upon those who occupy managerial positions in the State. Those who, as mere members of the collective, lack managerial power—even over their own labor—are rendered politically impotent. When combined with the law of hierarchical centralization, socialism quickly turns dictatorial and despotic. An absolute despot or bureaucratic elite rises above the masses by allocating resources under State control toward perpetuating itself in office.

The corrupting influence of absolute power is summarized in Lord Acton's famous dictum: "Power corrupts, and absolute power corrupts absolutely."²⁵ Those who "bask in the sun of total power," as Wittfogel puts it,²⁶ become so attached to their position that they ride roughshod over constitutional rights rather than risk political defeat in a free election. Spencer prophetically saw this development: ". . . [W]hen a general socialistic organization has

been established . . . eventually there is developed an official oligarchy, with its various grades, exercising a tyranny more gigantic and more terrible than any which the world has seen."²⁷

Socialism, when carried far enough, becomes dictatorial. Once a decisive fraction of resources available to a people comes under the scope of State control, democracy is destroyed. Despotism, not a free society, is the necessary consequence of socialism on a mass scale. The outcome of all socialist "revolutions," from Lenin's to Castro's, bears witness to this prediction.²⁸

Wittfogel makes this point clearly. Writing about the relation between what he calls absolutism (a form of socialism) and autocracy (one-man dictatorship) he notes:

Absolutism and autocracy are not identical, but they interlock closely. A government is absolutist when its rule is not effectively checked by nongovernmental forces. The ruler of an absolutist regime is an autocrat when his decisions are not effectively checked by intragovernmental forces.

The absolutist regimes of hydraulic society are usually headed by a single individual in whose person is concentrated all the power over major decisions. Why is this so? . . .

Despotic states lack appropriate mechanics of outside control and internal balance. And under such conditions there develops what may be called a *cumulative tendency of unchecked power*. . . . Under absolutist conditions, the holder of the strongest position, benefiting from the cumulative tendency of unchecked power, tends to expand his authority through alliances, maneuvers, and ruthless schemes until, having conquered all other centers of supreme decision, he alone prevails.

The point at which the growth of government functions precludes effective outside control differs in different institutional configurations. But it may safely be said that whenever this critical point is passed, the cumulative strength of superior power tends to result in a single autocratic center of organization and decision making.²⁹

Schumpeter, who denied that there was a theoretical incompatibility between socialism and democracy, nevertheless acknowledged the practical difficulties in reconciling the two. Under socialism

the task of keeping the democratic course may prove to be extremely delicate. Circumstances in which the individuals at the helm normally succeed in solving it are perhaps no easier to imagine than circumstances in which, faced by a spectacle of paralysis spreading from the political

sector all over the nation's economy, they might be driven into a course of action which must always have some temptation for men beholding the tremendous power inherent in the socialist organization. After all, effective management of the socialist economy means dictatorship not of but over the proletariat in the factory. The men who are there so strictly disciplined would, it is true, be sovereign at the elections. But just as they may use this sovereignty in order to relax the discipline of the factory, so governments—precisely the governments which have the future of the nation at heart—may avail themselves of this discipline in order to restrict this sovereignty. As a matter of practical necessity, socialist democracy may eventually turn out to be more of a sham than capitalist democracy ever was.³⁰

V

The Two Laws of Political Profit

THE MAXIMIZATION of political profit is a universal trait among rulers the world over. As I have shown, however, democracy constrains this behavior so that the centralizing and exploitative laws that govern it do minimum political damage to society. It is only in dictatorships that the laws of hierarchical centralization and political redistribution reach their full potential. When combined with absolutism or socialism, dictatorship evolves into tyranny or despotism.

The earlier paper hypothesized that the reason all nation-States become centralized over time is that it is profitable for the chief executive to centralize the government. But what makes it more profitable to centralize the government at the national level? The explanation lies in the "iron law of political redistribution." The national executive is more efficient at redistributing wealth and income through taxes and expenditures than governors or mayors. Why? Because, since he is the only one with jurisdiction over the entire country, he has far greater means of spreading taxes widely while concentrating expenditures in small, intense minorities. Therefore, he is more successful than not in raising enough support to overcome opposition to expanding the scope of the national government and centralizing the State. Every new administration manages to expand or centralize power to some extent. Over time, the accumulation of such successes results in an ever-bigger and more centralized State. Thus, in the words of Calhoun, ". . . [T]here is a tendency in constitutional governments of every form, to degenerate into their respective absolute forms; and, in all absolute governments, into that of the monarchical form."³¹

Is it possible to neutralize or at least constrain the tendency of every government to become despotic? Calhoun's solution was to organize a democracy of the concurrent majority.³² In the first article on political profit, I suggested the adoption of a non-hierarchical constitution. Exploration of these and other possibilities for counteracting the two laws of political profit are the subject of future investigation.

Notes

1. "Political Profit: Taxing and Spending in the Hierarchical State," *American Journal of Economics and Sociology*, Vol. 40, No. 2 (July, 1981), p. 265 ff.
2. Franz Oppenheimer, *The State* (Indianapolis: Bobbs-Merrill Company, 1914).
3. According to Calhoun, ". . . disbursement and taxation . . . constitute the fiscal action of the government. . . ." John C. Calhoun, *A Disquisition on Government* (New York: Poli Sci Classics, 1947), p. 19. Originally published in 1853.
4. Herbert Spencer, *Social Statics* (New York: Augustus M. Kelly, Publishers, 1969), p. 375. Originally published in 1851.
5. Karl Wittfogel, *Oriental Despotism* (New Haven: Yale Univ. Press, 1957).
6. Joseph A. Schumpeter, *Capitalism, Socialism and Democracy* (New York: Harper Colophon Books, 1976), p. 269.
7. Gary S. Becker, "Competition and Democracy," *Journal of Law and Economics*, October, 1958, p. 106.
8. Gordon Tullock, *The Politics of Bureaucracy* (Washington, D.C.: Public Affairs Press, 1965), pp. 53-54 and Chapter 9.
9. Wittfogel, *Oriental Despotism*, pp. 354-58; Oppenheimer, *The State*, pp. 215-16; and Bertrand de Jouvenel, *On Power* (New York: Viking Press, 1949), Chapter X.
10. Support is not a mere function of numbers but of the economic value contributed per supporter. See discussion of this topic in the paper cited in footnote 1.
11. A very similar argument appears in Thomas Ireland, "The Rationale of Revolt," *Papers on Non-Market Decision Making* (Charlottesville, Va.: Thomas Jefferson Center of Political Economy), Fall, 1967, p. 53.
12. A taxpayer is one who perceives that the value of what he pays in taxes exceeds the value of what he receives in disbursements; while the opposite is true for beneficiaries. Note that what determines one's fiscal status is a *subjective judgment*. See discussion of this point in the earlier paper cited in footnote 1.
13. Gordon Tullock, *The Vote Motive* (London: The Institute of Economic Affairs, 1976).
14. On efficient and inefficient dictatorships, see Alfred G. Cuzán and Richard J. Heggen, "Persuasion, Coercion and Scope: A Micro-political Explanation of the 1979 Nicaraguan Revolution," forthcoming in the *Latin American Research Review*.
15. Wittfogel, *Oriental Despotism*, pp. 377 and 441.
16. Schumpeter, *Capitalism, Socialism and Democracy*, p. 296. See also Milton Friedman, *Capitalism and Freedom* (Chicago: Univ. of Chicago Press, 1962), Chapter 1.
17. Of course, a ruler could, with the backing of a majority, undermine the rights of the minority. Calhoun, in *A Disquisition on Government*, felt that this was a perennial problem in governments of the numerical or absolute majority.

18. Wittfogel, *Oriental Despotism*, pp. 427-28.
19. *Ibid.*, pp. 428-29.
20. *Ibid.*, pp. 440-41.
21. Eric N. Baklanoff, *The Economic Transformation of Spain and Portugal* (New York: Praeger Publishers, 1978), Chs. 1-6 and 10.
22. The letter is dated March 5, 1980.
23. Wittfogel, *Oriental Despotism*, p. 430.
24. *Ibid.*, p. 448.
25. Quoted in Wittfogel, *Oriental Despotism*, p. 133.
26. *Ibid.*
27. Herbert Spencer, *The Man Versus the State* (Caldwell, Idaho: The Caxton Printers, Ltd., 1946), p. 76. This book was first published in 1884.
28. On "managerial despotism" in the Soviet Union and communist China, see Wittfogel, *Oriental Despotism*, pp. 436-46. The Chinese hierarchy of privilege is described in Simon Leys, *Chinese Shadows* (New York: Viking Press, 1977), Ch. 5. The despotic nature of Castro's regime is explained in Alfred G. Cuzán, "'Revolutionary' Fascism: A Review of *Persona Non Grata*", by Jorge Edwards," *Libertarian Forum*, January/February 1980, pp. 4-6 and "'Revolutionary' Despotism: An Evaluation of Castro's Socialist Dictatorship," forthcoming in *Freedom at Issue*. See, in addition, Hugh Thomas, *The Cuban Revolution* (New York: Harper & Row, 1977) Chs. 46-49; René Dumont, *Is Cuba Socialist?* (New York: Viking Press, 1974) and Carlos Rangel, *Del Buen Salvaje al Buen Revolucionario* (Barcelona: Libros de Monte Avila, 1976), pp. 254-57.
29. Wittfogel, *Oriental Despotism*, pp. 106-07 (his emphasis).
30. Schumpeter, *Capitalism, Socialism and Democracy*, p. 302.
31. Calhoun, *A Disquisition on Government*, p. 44.
32. *Ibid.*, pp. 25-27.

Conference on Rural Development

THE INSTITUTE FOR INTERNATIONAL COOPERATION of the University of Ottawa in Canada will hold an international conference on "Rural Development and Retention of the Rural Population in the Countryside of Developing Countries" on the university campus from October 29th to 31, 1981. This is the 12th international conference that has been sponsored by the institute, which is one of the agencies responsible for the leading role Canada has played in provision of technical assistance for the development of the less developed nations. The coordinator of the conference is Professor José Havet, who may be addressed at the institute, 190 Laurier Avenue East, Ottawa, Ontario, K1N 6N5, Canada; phone (613) 231-4910.

W. L.

On the Passing of Angus Campbell

ANGUS CAMPBELL, A PIONEER in the application of survey research to a variety of social science disciplines, passed away of a sudden heart attack on the evening of December 14, 1980, at the age of 70. He had been a founder and long-term director of the Survey Research Center at the University of Michigan, and later the director of its parent organization, the Institute for Social Research.

Although his graduate training at Stanford in the early 1930s was as an experimental psychologist under figures like Ernest R. Hilgard and Kurt Lewin, his first teaching assignments at Northwestern University before World War II whetted his interests in sociology and anthropology, and he began to move into social psychology. This shift was completed when, early in the War, he joined the group under Rensis Likert at the Division of Program Surveys at the Department of Agriculture. The Division was engaged in monitoring the reactions of the American population to aspects of the war effort through national sample surveys. First as an interviewer in the field and later as an administrator, Campbell learned all phases of the new survey research techniques to which the rest of his scholarly life would be dedicated.

After the War the central figures at the Division moved from government back to the academy at the University of Michigan. Campbell became the first director of the Survey Research Center there. In the ensuing 30 years under his kind and insightful guidance, the Center grew from a tiny and struggling organization into the largest university-based research organization of its kind in the social sciences, and a full-fledged national institution.

While Campbell had few peers as a research administrator, at the same time he maintained an extraordinarily vigorous second career as a productive scholar, one much more visible to the outside world. Soon after his arrival in Ann Arbor, he began to develop within the Survey Research Center a program for studies in political behavior, built around sample surveys of the electorate at the time of biennial national elections. In a series of collaborative monographs from the program culminating in *The American Voter* (1960) he made a range of conceptual contributions which have left a major imprint in the discipline of political science. Although he turned his personal research attention from this program in the middle of the 1960s, the research team he had organized and its programmatic research had taken deep root, and a decade later the National Election Studies were declared a "national resource" by the National Science Foundation, the first such designation for a social science enterprise.