

How Do Rulers Choose? Dual Domains of Discretion in Political Decision Making*

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Abstract

This paper investigates the factors that drive ruler decision making under democracy. By dividing politicians' actions into two distinct domains and exploring their compositions we construct a fuller and more realistic picture of politician decision making. In the non-discretionary domain, the politician's actions are clearly limited by voter desires; in the discretionary domain the politician is free to make choices as he chooses without voter repercussions. Standard neoclassical models of political behavior suggest that when votes don't matter, monetary income drives ruler behavior. While monetary pursuit may explain some ruler decisions, it leaves many other observed choices unexplained. Our non-discretionary/discretionary dichotomy highlights the up-to-now neglected role that psychic income plays in explaining otherwise unexplained ruler decisions. The case studies considered support this view.

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1 Introduction

How tightly circumscribed are the activities of democratically-elected politicians? On the one hand, everything from their personal habits to their policy decisions seems subject to the scrutiny of the electorate. Book deals tainted Dick Arney and Newt Gingrich, and the mere suggestion of agreement with Strom Thurmond's anti-Civil Rights Amendment torpedoed Trent Lott. Similarly, Hillary Clinton's medical care proposal painted her as "extreme" and George Bush Sr.'s broken tax pledge helped to undermine his chances at reelection (see, for instance, MacKenzie 1992, A1; Germond 1993, 35; Barilleaux and Rozell 2004, 34).¹

On the other hand, politicians appear to have plenty of room in which they may roam without fear of voter repercussions. Bill Clinton's indulgence in illicit drugs and Barney Frank's sexual orientation caused these politicians little harm. However, political leader discretion is not limited to "personal" matters such as these. Certain critical issues of national policy, like the timing of war, and issues of foreign policy, are also at times left sitting well within political leaders' discretion. Even where politicians have little latitude over what particular policies are to be followed, more often than not the details concerning how exactly these policies are to be implemented are left largely up to the politician's will. This is significant because although the details of actual implementation are small, the influence they can wield over the outcomes of policies is often considerable.

How do these seemingly contradictory facts square with one another? It is as though politicians preside over two distinct domains of potential activity, separated not by their private or public-relevant characteristics, but instead by politicians' degree of discretion in the decision-making process across both of these dimensions. In the one domain, the activities of politicians

are tightly circumscribed by the will of the electorate. In the other, politicians are given considerable latitude.

The traditional neoclassical literature examines the forces governing the actions of politicians using its typical analytical framework, namely the assumption that political actors seek reelection in a cost-minimizing fashion—i.e., have as their sole objective the creation of a minimum-winning coalition (see for example, Mayhew 1974; Brennan and Buchanan 2000; Olson 1993, 2000; and Olson and McGuire 1996; Downs 1957; Mueller 1989; Buchanan and Tullock 1962). In this framework, the politician is seen as an automaton, void of any goal other than serving the whims of politically-important constituents (for example, voters and special interest groups) in order to achieve these ends. Although this public choice approach sheds important light on some activities of political actors, it is far from complete. In particular, treatments of political ruler behavior that appreciate the relatively more complex motivations and decision-making processes of democratically-elected politicians have gone largely unexplored.

Important contributions in institutional economics recognize the limits of the standard, neoclassical approach to understanding political behavior. Of special importance is the work of Marc Tool (1979), which points to the discretionary nature of the economy that is made possible in large part through the political apparatus of participatory democracy. Tool's analysis highlights a distinction between "private interest" and "public obligation"—the actor's pursuit of his own ends versus those that contribute to the enhancement of social goals more generally—in political economic conceptions, such as capitalism and Marxism, which aim to totally subordinate one to the other. Against this, Tool offers an alternative conception rooted in the democratic mechanism that enables social-enhancement, but does so without obliterating individual discretion.

However, two critical features of participatory democracy in this capacity have been unexplored. The first of these is an explicit recognition of the fact that democratic rulers, in addition to those they rule, are also at once pursuing their private interests tempered by the public obligation that democratic institutions impose on them. Second, and closely related, recognition of this fact demands an explanation of precisely how democratic institutions operate to coordinate politicians' private interests with the public obligations they, as representatives of society more generally, are bound to service.

This paper aims to examine these features of the political economy of democracy and in doing so approaches the question of politician action from a perspective that appreciates the complexities of real-world, democratic-ruler decision making. To do this we divide politicians' actions into two distinct realms we call the "discretionary" and "non-discretionary" domains.

In the non-discretionary domain, politicians' actions are clearly limited by voter desires. To retain their positions, political rulers must be responsive to the wishes of society. In some cases, this means responding to the median voter (see, for instance, Black 1948; Downs 1957; Congleton 2003). In others, it means responding to certain sectors of society more specifically, such as organized interest groups, that express important but more specialized demands than the median voter, which may or may not conflict with the median voter's demands (see, for instance, Tool 1979; Livingston and Thompson 1966; Tullock 1967; Krueger 1974).² In virtually all cases, servicing social desires involves political responsiveness to both the mythical "median voter" and "special interest group," since nearly all members of society are at once members of multiple, overlapping groups and associations that extend across these idealized pure categories. The important feature in the non-discretionary domain is that relative "boundedness" of democratic-ruler decision making. This boundedness created by the democratic mechanism

ensures that political actors serve at least some social interest, even if this does not perfectly correspond with the interests of the median voter (as can be the case with special interest groups).

In contrast, in the discretionary domain, democratic rulers are free to make choices as they choose without voter repercussions. Here, political agents may pursue their private interests without concern for any part of social interest, save their own. The discretionary domain is therefore a double-edged sword from the standpoint of participatory democracy. On the one hand, it permits politicians some latitude to pursue their private interests as political actors, releasing them from complete subordination to the wills of others. On the other hand, it introduces the possibility that democratic-ruler decisions in the discretionary domain may fail to service society's goals since there is no check in this domain to narrowly circumscribe political decision making. Thus, as a result of the discretionary domain, we may get a divergence between private interest and public good in the political sphere in some ways analogous to the divergence between private interest and public good in the market pointed to by Thorstein Veblen (1921, 1975) and Wesley Mitchell (1950), among others.

The dichotomy we introduce is useful for three reasons. First, it allows us to explore the hitherto largely unelaborated issues surrounding the nature of the democratic mechanism in facilitating the coordination of what Tool (1979) calls "private interests" and "public obligations," discussed above. Second, doing this allows us to highlight the up-to-now neglected role that psychic income plays in political leader choice. While in the non-discretionary realm the standard assumption of minimum-winning coalition building may be an adequate description of how rulers choose, in the discretionary realm the threat of voter reprisal has no influence over ruler decisions at all. Finally, the task of understanding how political decision makers choose is

important for understanding the ways in which democracy is able to promote social consensus and development, as well democracy's limits in this regard.

As Rick Tilman (1988, 430-431) points out, a key aspect of the institutional perspective is the idea of democracy as “a process and a method for improving unsatisfactory situations . . . [T]he essence of democracy consists of the view that there are few, if any, social structures that cannot be abandoned or altered” through the appropriate application of the democratic mechanism. However, as we note above, for democracy to operate effectively in this capacity, it must be able to reflect public desires and channel these desires through the decisions of political agents into reality. As John Dewey put it, effective democracy “must involve a consultation and discussion which uncover social needs and troubles” (1954, 208). By appreciating the dual domains of political actor decision making, it is possible to better appraise the extent to which democracy is capable of achieving its ends. According to Tilman, these “are essentially those of proper human growth and development,” which “a democratic polity must successfully promote if it is to be judged successful” (1988, 434).

2 Splitting the Sphere

Conventionally, the sphere of politician activities is implicitly conceived as unitary in nature. As we have already suggested, however, a more realistic and complete understanding views this sphere as divided. One portion of the sphere is composed of *non-discretionary activities*. These are those activities over which the political leader has limited choice because failure to decide one way or another results in an erosion of his public support (e.g., votes or approval).

Defining the non-discretionary domain of the political decision-making sphere this way highlights the fact that decisions falling under its aegis lie on a continuum of more-or-less total

non-discretion. On the one end of the non-discretionary continuum are decisions for which, if a political actor decides ‘wrongly,’ result in the withdrawal of support from only one or a handful of voters. In this case, though a politician’s support may be minimally undermined by undertaking a decision at odds with the voters, the fall in support is not close to being sufficient to depose the political actor from power. These non-discretionary decisions hold importance to voters in that at least some members of the public are ready to withdraw support from a politician who does not reflect their desires on such decisions, but from the perspective of voters are of only minor importance. Such decisions correspond to ruler choices that some voters believe are connected to a politician’s public obligation but are relatively unimportant obligations.

On the other end of the non-discretionary continuum are decisions for which, if a political actor decides ‘wrongly,’ result in the withdrawal of support from a majority of the population. In this case a politician’s support is dramatically undermined by undertaking a decision at odds with voters, leading to his removal from office. These non-discretionary decisions hold significant importance to the preponderance of voters who are ready to rescind support from a politician who does not reflect their desires on such decisions. These decisions correspond to ruler choices that most voters believe are connected to the politician’s public obligation and are relatively important obligations.

In between these polar ends of the non-discretionary continuum lie non-discretionary activities, the violation of which leads the voters not to call for a political decision maker’s immediate removal (i.e., allows him to complete his term), but where the majority of voters would not reelect the ruler for another term. Such decisions correspond to ruler choices that

most voters believe are connected to the politician's public obligations and are of middling importance to voters.

It is important to note that defined this way, the non-discretionary domain of the political decision-making sphere does not imply anything about the "publicness" or "privateness" of the action being decided over. Thus, while it is likely that decisions traditionally considered private—such as one's sexual orientation—may not fall into the non-discretionary domain depending upon the social/cultural norms and beliefs of the electorate at any given time, this need not be the case. Prevailing social/cultural norms among the electorate condition whether voters believe such a decision is or is not part of a political actor's public obligation, not the "personal" or "public" character of the decision.

For example, in the 1950s voters may have considered a political actor's sexual preferences an important part of his public obligation corresponding to then-prevailing notions of morality and a political actor's duty to project a certain notion of morality. Today, in contrast, a "private" or personal decision, such as the choice of one's sexual partners, is less likely to fall in the non-discretionary domain, as the electorate's understandings and beliefs about morality and the relationship between this notion of morality and the public obligations of political actors have changed. Thus, as Veblen (1921, 1975) emphasized regarding the evolution of individuals' values more generally, the institutional context which voters collectively create and operate in is not an exogenously given or predetermined feature of the social context. A priori features of potential ruler decisions, such as their "privateness" or "publicness," do not determine how voters delineate which ruler decisions are considered non-discretionary.

The second part of the sphere of political decisions is composed of *discretionary activities*. In this realm the political leader has complete latitude to make decisions as he would

like. Voters do not consider these decisions part of politicians' public obligation and therefore do not connect their support for politicians to the choices politicians make in this domain. Thus, discretionary activities are those a politician may undertake without regard for voter desires (and consequently political repercussions) because voters do not have desires over these choices. Because of this, unlike in the non-discretionary realm, vote-seeking or related reelection prospects provide no guiding motivation in the discretionary realm whatsoever.

Importantly, like decisions in the non-discretionary domain, decisions in the discretionary domain need not correspond to the "publicness" or "privateness" of political actor choices. For example, many policy decisions, such as which particular vendor government will hire to complete a contracted project it has undertaken are clearly "public" in that they impact many voters, but often fall into the discretionary domain despite this. Most voters, for instance, are unaware of and do not care to become aware of the specific vendor the National Park Service hires to clean Yosemite each year. Although this is clearly a policy-related choice, since the electorate does not generally register preferences on such decisions, this political choice lies in the discretionary domain.

Also like for the non-discretionary domain, no particular type of political actor decision falls permanently into the discretionary domain. Instead, the changing beliefs, attitudes, and information of voters—the institutional environment in which the electorate operates—can result in one kind of political decision, such as the example pointed to above, falling into the discretionary domain at some times and the non-discretionary domain at others. For example, in recent years the Bush administration's close connection to Halliburton, a private firm contracted to address certain aspects of the War on Terror, has come under close public scrutiny, placing

some government contracting decisions connected to the War on Terror in the non-discretionary domain.

While analytically it is possible to cleanly distinguish between the discretionary and non-discretionary political decision-making domains, in practice these domains are much fuzzier. For example, within a general non-discretionary activity that is required by the electorate, there is a range of discretionary activities regarding the details of how political decision makers actually implement the required end. Thus, many discretionary activities are embedded in non-discretionary activities determined by the will of the electorate. In practice, this embeddedness shades both primarily discretionary and non-discretionary activities alike with elements of the opposite domain.

Further complicating matters is the mutually-influential character of political actor choices and electorate values, beliefs, and ideas about what activities constitute “legitimate” private interest and what activities are part of political decision makers’ public obligations. Just as the status of decisions and activities that fall into the discretionary or non-discretionary domains (or an activity’s position along the non-discretionary continuum) is mutable, endogenous, and evolving as a result of institutional factors unrelated to ruler decisions, so too do ruler decisions undertaken under the auspices of a particular constellation of temporary discretionary/non-discretionary electorate-defined divisions impact the electorate’s division of particular political actor activities into the discretionary and non-discretionary domains (or an activity’s position along the non-discretionary continuum).

As Edward Glaeser and Andrei Shleifer (2005) show, for example, in some cases political decision makers undertake activities to deliberately shape the electorate they face. The result of such factors is a complex feedback loop that both reinforces existing electorate divisions

of political actor activities into the discretionary or non-discretionary realms, and operates to mutate these divisions as a result of influence from ruler activities undertaken under electorate-defined divisions. This is a specifically political application of John Commons' (1934) and Wesley Mitchell's (1910) broader point that institutions and human decision making continually shape one another via the social process in the context of democratic ruler choice (see, also, North 2005; Jensen 1987; Neale 1987).

The size of the discretionary domain relative to the non-discretionary domain depends upon the specific features of the political system in question. Specifically, it is determined by how well the system transmits information regarding the evolving preferences of both the electorate and democratic decision makers. For both groups, the total arena of knowledge may be broken down into the following elements:

1. *Known information* - the system allows the electorate and/or political decision makers to obtain certain information and they desire to obtain.
2. *Rational ignorance* – this category contains information that would be obtainable if so desired, but here the electorate and/or political decision makers decide to remain ignorant.
3. *Unknown information* – the structure of the system does not allow the electorate and/or political decision makers to obtain certain information, even if they desire to.

The values, culture, and related institutional features of the electorate and political decision makers determine the information that is known (i.e., the information they have obtained) and that which could be known but is not (i.e., rational ignorance). Finally, certain important pieces of information about the electorate's and political decision makers' values may

be unknowable to the other group simply because voters and political decision makers have not ex ante determined their views and reactions to all possible events. Without the actual event ever happening, it may simply be unknown how voters or political decision makers will act. The difference between voters and politicians regarding these categories is the focus of the knowledge of each. While voters either know, or want to know, information about their political decision makers, politicians either have, or want to obtain, information about the electorate.

Although the concept of rational ignorance is rarely used in connection with the group of political decision makers, in this context it has considerable meaning. Given the range of information available regarding the electorate, the political decision maker will have to weigh the marginal costs against the marginal benefits of obtaining additional information. Where the costs outweigh the benefits, politicians will remain rationally ignorant. They could obtain the information if they wanted to, but choose not to do so.

Conversely, the electorate may also choose to remain ignorant of certain important aspects about the behavior of political decision makers either out of traditional cost-benefit concerns or other factors, such as a culture of political apathy, a lacking sense of polity, or related features damaging to democracy discussed by John Dewey (1954) and C.W. Mills (1956). Such apathy will tend to lead voters to increasingly assign ruler activities to the discretionary sphere, relinquishing greater control over the political process and reducing the participatory status of the democratic process. Although it is both reasonable and desirable for voters to assign certain ruler activities to the discretionary realm, as this affords political decision makers a certain degree of private interest autonomy from pure subordination to the public will, it can be undesirable from the standpoint of participatory democracy if voters assign important policy decisions to this realm where they lie outside the dialogue and purview of the public.

Another important factor influencing the information reaching voters about politicians and politicians about voters is mass media (see, for instance, Coyne and Leeson 2004; Leeson and Coyne 2005; Djankov et al. 2003; Besley and Burgess 2002; Besley and Prat 2006; Sen 1984). Christopher Coyne and Peter Leeson (2004) and Leeson and Coyne (2005) discuss the importance of media-provided information in arming voters in particular with the knowledge they require to hold political decision makers accountable for their actions. They point to several features of the media industry's structure that must be satisfied for the media to enhance democracy's ability to ensure that political actors follow through on their public obligations, including consumer demand, the nature and quality of journalists, and freedom of information legislation that makes ruler decision making transparent.

Of course, as part of the more general institutional environment voters and political actors operate in, there is an interdependence between media and society, each shaping the other. On the side of this interdependence whereby the media influences the public's views, values, and beliefs, the media plays an important role in molding the electorate's delineations between which political activities are discretionary and which are non-discretionary.

Similarly, Leeson and Coyne (2005) highlight how government may manipulate media-provided information where media is owned or regulated by the state. This manipulation can take place by casting news in a fashion designed to keep voters in the dark about politicians' activities or in other ways to preserve politicians' positions of power. As a result of such manipulation, not only are voters fed inaccurate information, but furthermore, as these authors demonstrate in Romania for instance, voters who are aware of this manipulation are less likely to try to become informed because doing so is more difficult. This also hampers the ability of the democratic process to ensure that political actors follow through on their public obligations and,

hidden from the public's eyes as a result of media manipulation, enables political actors to predominantly pursue their private interests instead. In terms of our discretionary/non-discretionary framework, an inadequate mass media then operates to enlarge the discretionary sphere by expanding the realm of unknown information and rational ignorance.

It is only through knowing or obtaining information from voters about their beliefs, values, and expectations that political decision makers can understand the sphere of actions that is available to them—i.e., determine which activities fall into the discretionary realm and which activities fall into the non-discretionary realm. Once the sphere of action is understood, political decision makers then proceed to act in such a way that enables them to achieve their end in each respective realm. Figure 1 illustrates the sphere of knowledge of both the electorate and rulers, and the resulting divided sphere of action confronted by political decision makers.

[INSERT FIGURE 1 HERE]

As noted above, orthodox political economy models have identified political decision makers' overarching end in the non-discretionary domain in terms of vote seeking. Here, because politicians are bound by the mandates of the electorate, reelection is the politician's primary goal and creating a minimum-winning coalition sufficient to generate the support required to carry through their policy aims is political actors' best means to achieve this goal.

Political leaders' goals in the discretionary domain, however, are largely neglected in this framework. Clearly reelection cannot be the political decision maker's end in the discretionary domain because his actions have no impact on the number of votes he will receive. Instead, as we discuss below, psychic income is the goal which the political decision maker seeks over the discretionary space.

3 The Logic of Discretionary Decision Making and the Role of Psychic Income

The median voter theorem (Black 1948; Downs 1957) and theory of special interest groups (Olson 1971; Tullock 1967; Krueger 1974) provide a suitable explanation of the non-discretionary domain. Here, bound by the threat of being ousted from office or not reelected by voters, the minimum-winning coalition assumption and its implications for politician choice are useful. However, with the addition of a second realm of potential political decision maker action—the discretionary domain—the minimum-winning coalition assumption fails. In this domain, political leaders are unbound by the preferences of the electorate—whether the median voter or interest groups. Recognition of this second and equally-important domain thus begs the question, how would the political decision maker, left to his own devices, choose?

The occasional substitution of vote seeking with money-income seeking as political actors' overriding motivation in neoclassical models of ruler decision making can be seen as an attempt to explain politicians' behavior in the discretionary domain (see, for instance, Wintrobe 1998; Besley 2004; Diermeier, Keane, and Merlo 2005). However, although income seeking may explain part of political decision makers' discretionary activities, it fails to provide a satisfactory explanation for many others.

Often overlooked is that in addition to monetary income, positions of political power also provide many opportunities for non-monetary or *psychic income*. Left to their own devices, rulers stand to gain psychic income from pursuing their private interests to generate benefits such as power, ego, fame, reputation, revenge, and the ability to pursue ideological missions. These psychic motivations are just as important in determining political decision maker choice as

monetary costs and benefits. Psychic income thus refers to any utility-enhancing features of holding democratic office not connected to vote or money-income seeking.

The nature of psychic income is such that the outside observer is unable to assign, a priori, specific characteristics that constitute psychic income for the actor (see, for instance, Thurow 1978; Rothbard 1962). The psychic component of income is solely in the mind of the actor and hence cannot be measured (see, for instance, Mises 1949; Fisher 1930; Thurow 1983). Some rulers may place value on being altruistic and truly attempt to serve the interests of their constituents. Ernst Fehr and Urs Fischbacher (2002), for instance, point to the prevalence of other-regarding or social preferences among individuals generally, which would of course include political actors as well. Other political decision makers may value their reputation and legacy, or power per se, and act in a manner to promote and accomplish these goals (see, for instance, Stigler 1972; Kalt and Zupan 1984; Jenkins and Weidenmier 1999; Nokken 2000; Cowen and Sutter 1997).

It is most likely due the difficulty in quantifying psychic income that the notion has been largely excluded from analyses of the actions of rulers. Despite difficulties in quantification, we see a plethora of examples of actions taken by political decision makers that cannot be explained by standard neoclassical models of money-income maximization or political economy models of vote seeking.

Equilibrium in the non-discretionary domain of the sphere of political action is achieved when the ruler satisfies his public obligations, defined by the electorate, and retains (or is reelected to) his political position. Equilibrium in the domain of discretionary activities is achieved when the ruler capitalizes on his psychic income opportunities created by the electorate's placement of particular activities in the discretionary domain. These two "local

equilibria” imply that a “general equilibrium” in the entire sphere of political action is achieved when the political decision maker capitalizes on his psychic income opportunities (discretionary activities) given the power retention constraint (i.e., non-discretionary activities) he confronts.

Depending upon the particular features of the democratic system in operation, this general equilibrium over the entire sphere of political action will differ. This equilibrium is system specific. This is due to several factors, including the institutional context in which the electorate operates, for example, voter culture, values, ideology, etc., the sphere of knowledge of both the electorate and political decision makers, and also the different punishment mechanisms available to check the activities of political decision makers that are present in the particular democratic system. For instance, a unicameral and bicameral democratic legislature may operate differently regarding the nature and size of the discretionary and non-discretionary spheres, influencing the general equilibrium of the sphere of political action. Likewise, the presence or absence of federalism, independence of the judiciary, a presidential vs. parliamentary system, and other such variations on democratic governance, will also impact the dual domains of political decision making and thus the system’s overarching equilibrium. The particular equilibrium and its relationship to the continuum of discretionary vs. non-discretionary activities within the sphere of action are depicted in Figure 2.

[INSERT FIGURE 2 HERE]

4 Examples of Dual Domains of Discretion

Several political events serve to illustrate the framework developed above. In the cases considered below, the orthodox, neoclassical approach has no explanation for these actions, as they clearly do not fall into non-discretionary activities characterized by the median voter

theorem or public choice theory of rent seeking. The first is the Bill Clinton-Monica Lewinsky sex scandal. This affair can be viewed in the discretionary domain of the spectrum of action, as it did little to change the public's opinion of Clinton.

Data from eleven major polling organizations over the first ten months of 1998, the period following the public disclosure of the affair, indicated that six out of ten Americans had a positive view of the President's overall job performance. As far as the public was concerned, Clinton's extramarital activities were largely at his discretion. Indeed, 83 percent of Americans surveyed in a *Wall Street Journal* poll, June 24, 1998, during the Kenneth Starr investigation, were tired of hearing about the scandal and investigation. 58 percent of those surveyed said they would oppose congressional hearings on possible impeachment even if it was discovered that Clinton had lied about the relationship.

These data, of course, do not demonstrably prove that the public placed Clinton's sex life in the discretionary sphere. On the one hand, a number of other factors connected to Clinton, such as a strong belief that in most important areas related to voters' understanding of his public obligations, Clinton was highly successful, could certainly influence the public's perception of Clinton along this dimension despite a preference that he not engage in extramarital affairs. Further, this data leaves open for interpretation whether the public placed Clinton's sex life squarely in the discretionary domain, or instead saw it as lying in the non-discretionary domain but towards the "weakly non-discretionary" end of the non-discretionary continuum examined previously. These areas of ambiguity result from the "fuzziness" of the dual domains in practice, discussed previously. Despite this, the poll data presented above is sufficient to at least give us a general idea about where Clinton's sex life fell for his electorate in terms of our dual domains of

political decision making. They strongly suggest that Clinton's sex life had some significant discretionary element from the public's perspective.

Importantly, this strong discretionary element from the public's perspective was not to say that the electorate shared the values exhibited by Clinton's conduct. 60 percent of those polled said the President did not share their values and 77 percent rejected the idea that the President had "high personal and ethical standards."³ Nevertheless, the incident did not appreciably impact Clinton's political career, as violating strong non-discretionary actions would dictate.⁴ Instead, the public viewed Clinton's actions related to the Lewinsky scandal as lying outside the domain over which their opinion ought to have impact. Thus, while the public's perception of Clinton's values declined, his support changed little.

We can contrast the Clinton-Lewinsky affair with the affair that took place between former Congressman Gary Condit and Chandra Levy. As with Clinton, when Condit's affair first became public knowledge, public opinion shifted against him—but not to the point where the public was calling for his resignation. In a poll taken by CBS News over July 16-17, 2001 following the period right after the affair became public, 53 percent said that Condit should finish his term while 33 percent called for his resignation.⁵ That polling sample gave Condit a reasonable job approval rating, with 51 percent indicating they were satisfied with his overall job performance and only 37 percent indicating they were dissatisfied.

When Condit was tied to little else than adultery, the public's opinion of his overall job performance was, like Clinton's, relatively positive. Adultery, it seems, at least in recent years, falls into the discretionary domain. However, when Condit was even *potentially* connected to Levy's disappearance, it spelled significant trouble for his political career. Although a majority of the public didn't want Condit to resign, the aforementioned CBS News poll showed that 53

percent would not vote for him again while only 24 percent said they would. This highlights the issue of degree discussed in Section 2. While the public did not call for Condit's immediate resignation—a signal that he had undertaken an act that was at the extreme, or strongly non-discretionary end of the spectrum—it seemed clear the electorate would not reelect him to another term. This act, then, can be seen as falling towards the non-discretionary end of the spectrum. The two cases are illustrated in Figure 3.

[INSERT FIGURE 3 HERE]

At least in the two case studies considered here, adultery is part of the discretionary category while potentially participating in the disappearance or harm of another falls into the non-discretionary category. Of course, this may not always be the case. As discussed above, it is entirely possible that given the right setting, adultery alone, for example, would fall into the non-discretionary domain.

While decisions undertaken by elected officials in the discretionary realm are always in some sense privately beneficial for the official, they need not always come at the public's expense. It is also possible for discretionary decisions to serve the public's interest. In the course of pursuing psychic income, for instance through acting upon his ideological commitments, a political actor operating in the discretionary realm, may, under certain conditions, make decisions consistent with his ideological goals that improve the welfare of citizens. As an example of this logic, consider the case of Ludwig Erhard in the post-World War II reconstruction of West Germany.

Erhard was a German citizen who had fought in World War I. After being injured in the war, Erhard left the military and studied economics, obtaining his Ph.D. in 1925. At the conclusion of World War II, he became a consultant for the U.S. occupiers and was named the

main advisor to U.S. General Lucius D. Clay, military governor of the U.S. zone. Following the creation of “Bizonia” – the merger of the U.S. and British zones in Germany – Erhard was elected “Director of Economics” by the Bizonal Economic Council in 1948. In the role of advisor to Clay and Director of Economics, Erhard played a central role in the economic recovery of West Germany.

Originally, the United States maintained many of the price and production controls that had first been introduced under the Nazi regime (Peterson 1978: 122-130). The continuation of these controls was part of the broader U.S. plan to reconstruct the economy of West Germany through central direction and planning. In contrast to the U.S. occupiers, Erhard understood the importance of economic freedom, private initiative and the absence of controls for a well-functioning economy. As such, one of Erhard’s first tasks was to remove many of the price and production controls that the U.S. had maintained.⁶ Many attribute the abolition of these controls as the turning point in the recovery of West Germany’s economy.⁷

Erhard’s decision to abolish the price and production controls clearly fell into the discretionary realm. He was by no means required by voters, interest groups, or the Bizonia Economic Council to remove the controls. As mentioned, the occupiers had decided to maintain the controls and had not provided Erhard with any specific instruction to do otherwise. However, given Erhard’s background in economics, and his research regarding the importance of economic freedom for economic recovery and progress, Erhard realized that the abolition of the various government controls was the best means to achieve the desired end of reconstructing West Germany.⁸ This discretionary decision, grounded in Erhard’s economics background and ideology, aligned with broader interests of West Germany and illustrates how decisions made in the discretionary realm can align with the interests of the general public.

5 Conclusion

A more complete and realistic picture of political decision making must take account of both those activities over which political leaders have little control because their decisions are ultimately accountable to voters, and those activities over which politicians may exert significant control because voters remain either unaware or indifferent. We have suggested that the sphere of action or activities confronted by rulers be viewed as composed of two separate realms—the non-discretionary and discretionary domains.

In the non-discretionary domain, the conventional neoclassical assumption that politicians seek to establish a minimum-winning coalition and this assumption's implications make sense. Equally important, however, but largely neglected, are the factors guiding political decision making in the discretionary domain. Although money-income pursuit may provide part of the answer to how rulers choose in the discretionary domain, it fails to account for much observed politician behavior. Furthermore, the neoclassical literature's nearly exclusive focus on this motivation has obscured the equally-important effect of psychic income in influencing discretionary decisions.

By dividing the sphere of ruler action into two parts, as we have done, the important role that psychic income plays in determining political choice in the latter becomes apparent. The examples examined above support the efficacy of our proposed division and demonstrate that activities undertaken in the discretionary domain are frequently driven by psychic rather than monetary income. In addition to emphasizing the overlooked role played by psychic income, our dichotomy offers a framework for analyzing democracy's ability to coordinate "private interests"

and “public obligations” and in doing so contributes to our ability to understand democracy’s capacity to promote social consensus and development.

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End Notes

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¹ Of course, we do not mean to suggest that Bush Sr.'s broken tax pledge was the singular cause for his failed reelection bid in 1992. In this case and all others considered below there is nothing like a monocausal explanation for the career failure (i.e., in ability to get reelected, etc.) of political decision makers. Instead, we are highlighting here and below one important factor behind this failure.

² In public choice theory, politicians are able to cater to special interest groups whose interest conflicts with the interest of the median voter because the median voter is rationally ignorant of such catering and even where he is not, rationally abstains from fighting legislation that would benefit a special interest but harm him (see, for instance, Olson 1971). In this sense, political actors are free from median voter repercussions for violating the will of the median voter. However, this does not make activities that involve catering to special interest groups discretionary in our framework, as a politician's failure to cater to a powerful special interest group leads him to lose important political support (votes and contributions) from the members of this group. Thus, catering to special interest groups is required by politicians to retain political support and power, placing such activities in the non-discretionary realm, which we discuss below.

³ See, Richard A. Brody, "The Lewinsky Affair and Popular Support for President Clinton" in the November 16, 1998 edition of *The Polling Report*.

⁴ Of course the true test of the impact of the affair on his career would have been if Clinton had had the opportunity to run for another term. Nonetheless, his approval rating was positive when he exited office.

⁵ Of those polled, all were California residents with about half living in Condit's district.

⁶ Erhard also played a central role in cutting taxes and in currency reform in post-war West Germany.

⁷ For a more detailed analysis of Erhard's life and impact on the reconstruction of West Germany, see Mierzejewski (2004).

⁸ During the war, Erhard had written extensively on what would be required to reconstruct the economy of post-war Germany. Included in these writings was the call for the removal of price and production controls, as well as the lowering of taxes.

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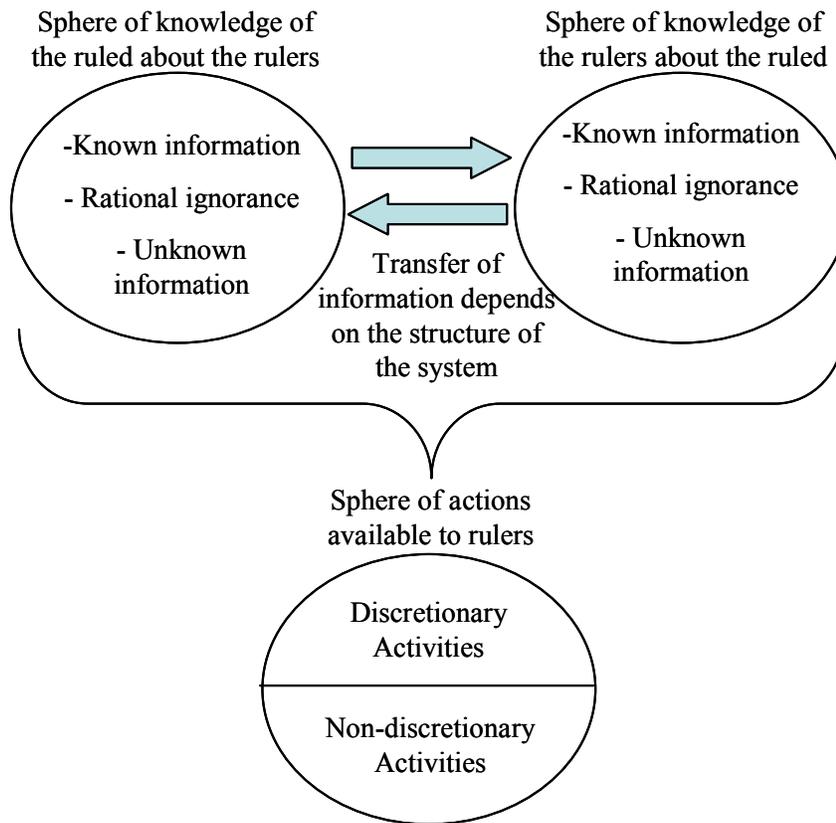


Figure 1. Spheres of Knowledge and Discretion

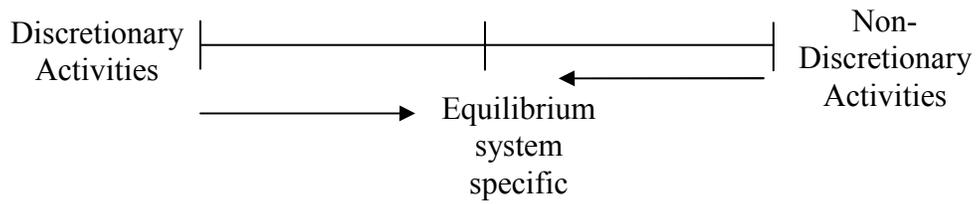


Figure 2. Discretionary-Non-Discretionary Sphere Equilibrium

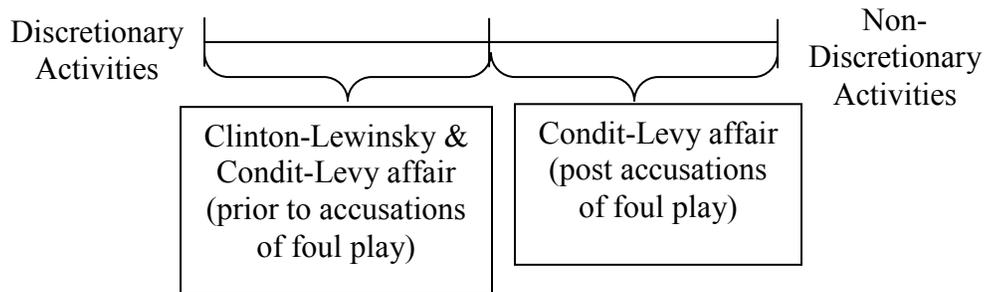


Figure 3. Clinton-Lewinsky and Condit-Levy Affairs