

## *Original Paper*

# Authoritative Allocation of Values

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### ***Abstract***

*Political systems allocate values authoritatively, stated David Easton in a few major books. The allocation of public services and distribution of transfer payments make up the public sector which everyone is bound by. The structure of authority has strong impact upon two values, freedom and equality. It is the outcome of the profound principal-agent game that is the core of politics.*

### ***Keywords***

*Principals, agents, gaming, asymmetrical information, opportunism, rule of law, political systems analysis, unofficial economy*

## **1. Introduction**

The governors and those governed—what is the *QUID PRÒ QUO*? The governed has to give the governors various things like money, work, soldiers etc. Easton summarized them under demand and support. The counter gift by those governing is the public sector + their own individual compensation in salary and perks. This is key in the principal-agent modelling of the governors and the governed.

To meet demand and receive support the governors take decisions or perform actions. What Easton means is the public sector. This sets up an input-output equilibrium, which though is very difficult to measure.

However, the governors will not work for nothing. They look for a rent to be added to their monetary compensation. There are in principle two ways to secure this rent:

- A) Stay in power by winning competitive elections;
- B) Introduce a monopoly on power and start looting.

## **2. Cui Bono?**

The economic benefits—in a wide sense covering money jobs; fungibles—for the governors cannot be overestimated although badly researched. Most politicians in so-called Western democracies are

millionaires. It is true that salaries for top politicians and civil servants are far lower than top CEOs. But a nice set of rewards and perks year in and out add up nicely

### 2.1 Competitive Polity

In a two-party system or multi-party system the struggle concerns who takes the *SPOLS*—the set of jobs, contracts, positions and policies up for grab. When one party manages to hold top power for a few election periods, there is a lot to distribute.

When the financing of election campaigns is added to the spoils we strive at gigantic economic incentives. They require strong regulations to stem opportunistic behavior—the rule of law that a well-ordered country provides by means of law.

The ultimate guarantee of the proper use of all these economic benefits is the completion itself.

### 2.2 Dictatorship

Dictatorships may be crested in different ways. It is commonly said that political power is thru drive behind dictatorship. I would instead suggest economic benefits. Dictators eliminate competition in order to hoard economic advantages for his circle or family. Sooner or later *looting* begins. Even a fanatic like Hitler amassed a considerable fortune.

## 3. Justice

In A Theory of Justice Rawls pictured the necessary background to the implementation of his principles of justice, namely the well-ordered society. Here there was actually a tautology, as Rawls used his 3 rules of justice to construct this well-ordered society. To be more precise, a well-ordered society fulfills two of his justice notions: freedom and impartiality.

What caused much attention was Rawls' third principle: *maximin* derived from a veil of ignorance. As a matter of fact, this is socialist equality involving considerable transfer payments and free public services. No country has ever tried the maximin strategy for social justice—to maximize the share of the least favoured. This amounts to feasible equality, given losses from taxing the more favoured.

In his later writings, Rawls never returned to socialist equality but emphasized political liberalism.

Freedom, impartiality and equality are focused upon in theories of justice. In the well-ordered countries around the world it is freedom and impartiality that counts.

Now, how then to tell whether a country is well-ordered or not? Can one speak about degrees of well-ordered countries? Yes, by linking it up with the concept of rule of law.

There is no neat and tidy definition of the expression “rule of law”. The Oxford English Dictionary offers the following entry:

“[t]he authority and influence of law in society, especially when viewed as a constraint on individual and institutional behavior; (hence) the principle whereby all members of a society (including those in government) are considered equally subject to publicly disclosed legal codes and processes.”

One may deconstruct this concept with other concepts or criteria like:

1) Strong legal formalism promoting equality under the laws;

- 2) Individual rights covering contract, free labour and private property as well as the joint stock company with bourses.
- 3) Checks and balances, i.e., institutionalized mixed government with countervailing competences between executive, legislature and judiciary.

#### 4. World Justice Project

The World Justice Project (WJP) maps the existence of rule of law, unpacking a rule of law regime as follows:

- a) Constraints on Government Powers
- b) Absence of Corruption
- c) Open Government
- d) Fundamental Rights
- e) Order and Security
- f) Regulatory Enforcement
- g) Civil Justice
- h) Criminal Justice.

The WJP underlines accountability, judicial independence, legal formalism and balance of power between executive and legislature.

Table 1 presents results of the most recent survey of the RL Index for 138 countries around the world, presenting the mean value by region.

**Table 1. Average RL Index by World Region by 2021**

Region	Min	Average	Max
East Asia & Pacific	0,32	0,60	0,83
Eastern Europe & Central Asia	0,42	0,50	0,61
EU + EFTA + North America	0,52	0,74	0,90
Latin America & Caribbean	0,27	0,52	0,71
Middle East & North Africa	0,35	0,49	0,64
South Asia	0,35	0,44	0,52
Sub-Saharan Africa	0,35	0,46	0,62

*Source:* WJP 2021.

The scores above are the results of numerous computations. For each aspect of rule of law a country is scored between 0 and 1, allowing a conclusion about more or less, which scores are then aggregated.

## 5. Most Well-Ordered

Here we find countries scoring between 0.9 and .75. The top well-ordered countries are all Nordic countries and the US comes lower at .69. Why? It may be pointed out that Western Europe, Australia, Canada and Uruguay come in between the Nordics and USA. What is the secret behind Scandinavian well-orderedness?

Perhaps the comparison of the US with small Nordic countries is misplaced. All the large countries of the world perform worse than USA. The large West-European countries score above the US except Italy.

## 6. Ill-Ordered Country

### 6.1 Country

The WJ index mentions a large number of countries that score below .5. They are deficient in terms of:

- I) Accountability
- II) Just law
- III) Open government
- IV) Accessibility and impartiality.

One observes that the majority of mankind lives in ill-ordered countries like Uzbekistan at .5, China at 0.47, and Venezuela at very low 0.27.

Many of the countries that are ill-ordered are Hobbesian, i.e. they are plagued by chaos or tribal conflicts. On the other hand, we also find firm dictatorships.

In the set of ill-ordered countries we have dictatorships of all kinds. Today it is actually difficult to distinguish between right-wing and left-wing authoritarian regimes. Take the case of Burma!

The ill-ordered countries are to be found in Latin America, Africa, Middle East and Asia as well as the Caribbean and the Pacific. However, there are clear exceptions: Costa Rica and Chile, Botswana and Namibia, Japan and South Korea for example.

The road to ill-orderdness in sub-Saharan Africa has been the making of coups. Once a country is the victim of a coup, this often happens repeatedly. There is no counterweighing force in African countries, except in a few well-ordered ones.

Military coups is one plague, and the other one is long-term mismanagement by a too long sitting president, like in Congo, Zimbabwe and Sudan

Modern dictatorships have a conspicuous economic face. It is driven by the search for material advantages like luxury lifestyle and the accumulation of wealth and properties. Nowhere is this motivation more apparent than in the former USSR and the Gulf monarchies.

Let me call this human drive "*looting*". It is closely connected with the orientation of dictators and their entourage towards the family and kin.

Max Weber writes in his famous article "Politics as a vocation" that politics is all about power. No, I would say. In dictatorships economic benefits is the end and policy the means, whereas in political life

economic policies are the means and power the end.

The Weber focus is power, as ends and means. Nowhere does he talk about economic motives. Instead he opposes the ethics of *righteousness* with that of *realism*, i.e., power.

Few countries in Meso America or South America score as well-ordered. On the contrary, they mostly come in at around .5 or lower. In fact, LA political history is much characterized by instability and outright violence, between countries or within them. Chile ranks high although the memory of Pinochet is still fresh.

LA countries have a form of instability and disorder at the basic social level among the interactions of people. A few are drowning in gangster or mob violence, often relented to drug battles. It should be pointed out that the Caribbean has both well-ordered and ill-ordered countries.

None of the Muslim countries score as well-ordered; except the UAE? It is the quality of the legal system in Dubai that renders such a high evaluation. Yet; the WJP puts open government at UAE to .65—hardly correct. That Muslim countries are ranked often as ill-ordered reflects the strong position of Sharia Law or Shia legal institutions. Law is what the kadi and the mufti arrive at in court, even when deviating from just law and impartiality.

Muslim countries are either dictatorships or in Hobbesian strife between Sunnis and Shias. Several are patrimonial and belong to a ruling dynasty.

## 7. Leninism

No political theorist has had such a practical influence as Lenin. Writing dogmatic elaborations of Marx, he confronted the question of what could be done in a backward society to enhance socialism. Lenin focused on Marx' idea of the dictatorship of the proletariat that had not been spelled out in detail.

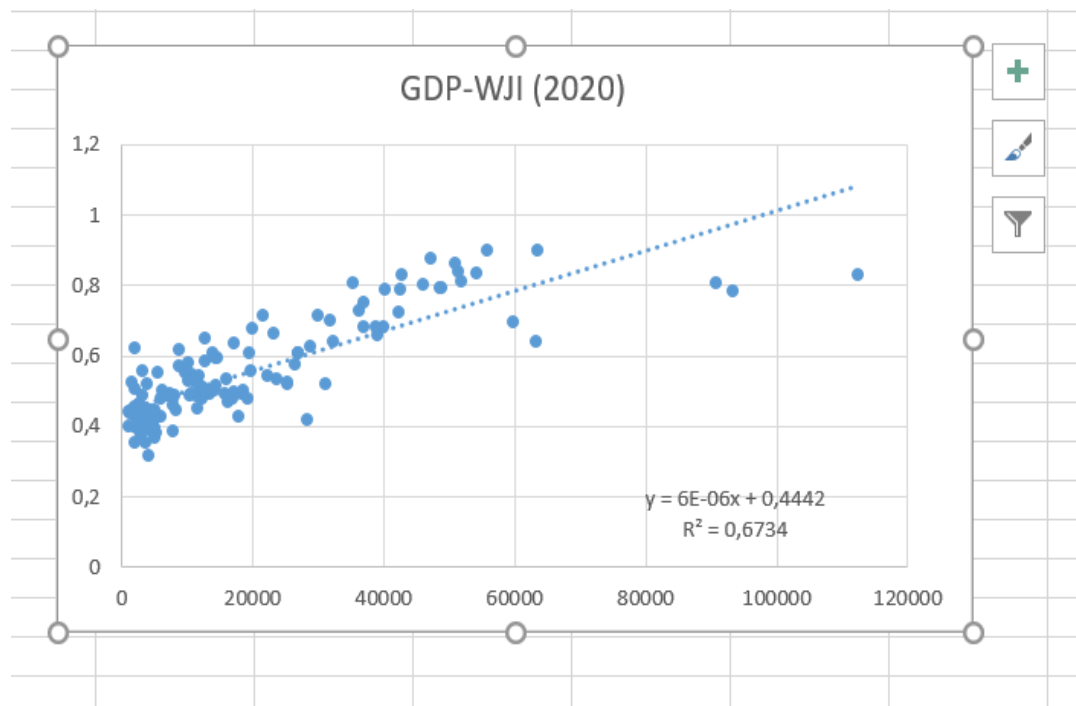
Lenin outlined the state that would assist economic development in its path towards its end state—from each according to capacity, to each according to need. It was a one party state—dictatorship of the proletariat. This was the centralised Soviet Union, adopted in one form or another in the countries where the Communist Party took power.

The dictatorial state that Communism ushered in is ranked by the WJP as ill-ordered but because of its instability. The crux of the matter is the political control of the judiciary. Socialist law is not guided by considerations of justice like Common Law and Civil Law.

Looting in the former USSR has been much promoted by the enormous development of the unofficial economy (Blas & Farchy, 2022).

## 8. Politics, Economics and the Law

Well-ordered countries are affluent meaning GDP per capita. But not all countries that are not part of the set of well-ordered countries are to be found in the Hobbesian condition of poverty and conflict. It is true that a few are in dire straits but several outside the set of well-ordered countries are neither poor nor instable. Figure 1 shows the relationship between the WJP index and GDP per capita.



**Figure 1. GDP per Capita and WJP Index (World Bank 2022; WJP 2021)**

Affluence seems to be a necessary but not sufficient condition for well-orderedness. Culture also matters: the legal system of the country must be either Common Law or Civil Law. Still; the most well-ordered countries in the world employ Scandinavian Law. It has not been exported except its *Ombudsman*.

Much of human suffering is due to a life under injustice or institutions which wrong the rights of men and women. This is the ill-ordered country without rule of law: accountability, just law open government and impartiality.

We may add that well-orderedness promotes trust—see Figure 2.

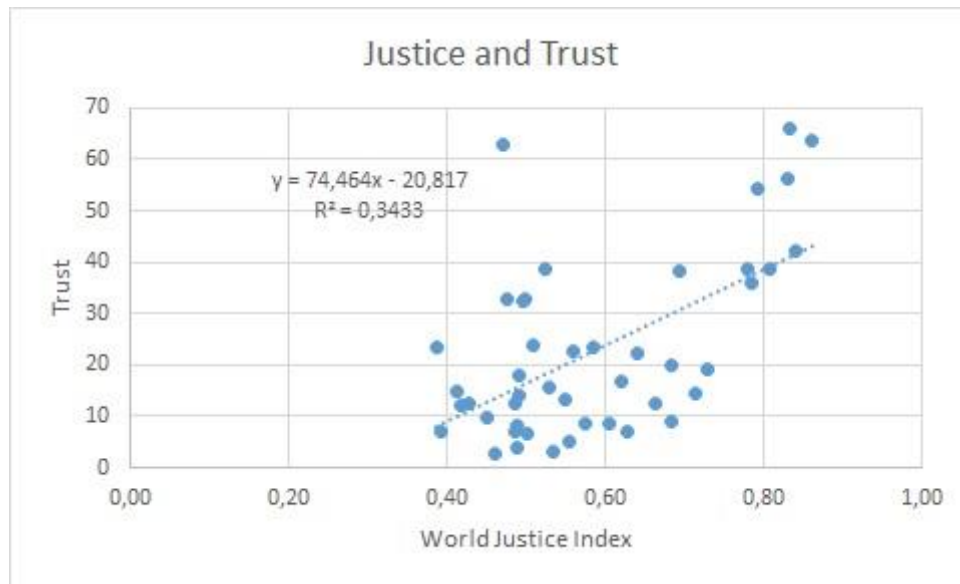


Figure 2. Connection Justice and Trust (WJP 2021; Ortiz-Ospina & Troser, 2016)

## 9. Conclusions

The idea of Easton that political equilibrium **E** is: support – demand– (actions ÷ decisions), constitutes a very general macro law stating that political systems depend upon how government responds to demands by decision-making and policy implementation given support. These generalisations are useful in explanation but too vague for prediction.

In a micro perspective political stability is a function of the present principal-agent interaction. Thus, in a competitive system there is political instability when the principal picks a new set of agents like in the US 2020. If the agent has established political monopoly there will be looting as political instability as in Russia now.

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