

# Elections, Referendums, and Public Goods

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## I

In economics a distinction is often drawn between private and public goods. The latter, unlike the former, cannot be divided up and sold to separate individuals. No one can be excluded from a public good once it is there, so everyone may hope to become a 'free rider', i.e. to benefit from the good without having to share the costs involved. An incentive exists for everyone to pretend, falsely, that he has no great preference for the good in question.

While some economists tend to put strong emphasis on this point, others have doubted its significance. Leif Johansen has argued that the phenomenon is of importance only under rather special circumstances and, more particularly, that it does not apply in any significant way to processes of interaction between voters and politicians. He asks for empirical evidence that the problem of correct revelation of preferences has been of any practical significance in this connection (Johansen 1977).

His argument seems of interest not only to economists but also to students of politics. Distorted representation of preferences can be found not infrequently in small-scale organizations, such as private clubs, and also when a joint decision about some public good has to be taken by a limited number of governmental units. Johansen mentions the case when several municipalities have to share the costs of water supply or sewerage systems. There will be a tendency for the representatives of one municipality in their negotiations with other municipalities to play down their

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## I

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interest in a joint undertaking as a strategy towards achieving a smaller share in the total cost. A similar pattern tends to emerge in certain types of negotiations between nation-states, for example when it is a question of protecting some international public good like the biological resources of the oceans or the quality of the atmosphere (Sandler 1978).

However, the majority of political decisions do not conform to this model. Leif Johansen sees the clue to the unimportance of the misrepresentation of preferences in the existence, normally, of two tiers in the decision system. Voters elect representatives who constitute the law-making body. The latter decides on public goods and corresponding costs. Leif Johansen suggests that under these circumstances there are strong obstacles to the prevalence of misrepresentation and the free rider problem. If there is an open election or referendum campaign, with competition for votes, then the politicians who speak out in favour of large (or small) public expenditures would probably win the votes of those electors who are in fact in favour of such expenditures. A politician might of course try to speak in favour of, say, large expenditures on public goods when he talks to the electors, but conceal his preference for such expenditures in the decision-making body. With the degree of openness surrounding most types of decisions about public expenditures such a strategy would hardly be profitable, Johansen remarks. He adds, however, that the issue cannot be settled unconditionally on a purely theoretical or speculative basis, and he calls for empirical studies.

Although he has made an important point, I believe that misrepresentation of preferences is after all not without significance in ordinary democratic politics involving elections and referendums. Perhaps there are two main reasons why so little concrete evidence has been brought to light. Concealment is a crucial characteristic of the free rider, and conclusions can therefore seldom be drawn with certainty, only with some degree of plausibility, when his behaviour is concerned. Secondly, although cases of gross misrepresentation of preferences do occur, they seem to be much less common than those cases in which politicians misrepresent their real attitudes indirectly and by innuendo. Sometimes it is done in such a vague manner that the politician is hardly aware of the misleading impression which his statement has made on others. Nonetheless, or just for that reason, the misrepresenting statement can be politically effective. I shall try to give a few examples, both of what I consider an evident misrepresentation of preferences and also of the more subtle kind, which may perhaps rather be termed unconscious distortion or half-misrepresentation.

## II

A pretty clear case is that of the Portuguese-Norwegian commercial treaty of 1904, by which the two countries accorded one another most-favoured-nation treatment. It proved advantageous particularly to the fishing industry in Norway and to Portuguese wine-growers. Norwegian exports of fish to Portugal increased markedly in the years following the conclusion of the treaty.<sup>1</sup> So did the importation of Portuguese wine into Norway. The leaders of the Norwegian temperance societies found this a heavy price for the country to pay, however. The temperance people were well organized and after the First World War, when prohibition of alcoholic beverages was enacted in the United States at the beginning of 1919, the demand for prohibition in Norway became very strong. Great pressure was put on the governing Liberal party. It was decided to resolve the question through a nationwide referendum, to be held in the autumn of 1919. Now the temperance societies put forward a demand that the Portuguese treaty be rescinded before the referendum. In a resolution addressed to the Storting (Parliament) in May, they declared that otherwise the electorate would not be able to vote freely:

‘The interest of our people in the exportation of fish is so considerable that a large number of voters, who might otherwise be favourably inclined toward prohibition, would refuse to cast their ballots against the existing treaty. In consequence there is no doubt that the referendum will be made to appear as a question of whether the treaty with Portugal is to be maintained or not. In these circumstances the balloting would take place under the strongest pressure of crosscutting interests that have no direct connection with the question of alcoholic beverages. The real opinion of the people with regard to prohibition would therefore not be ascertained’ (Stortingsforhandlinger, 1919: 1949, 1965, 2012).

Of the three main parties, the Conservatives were against prohibition, the Socialists mostly in favour, while the Liberals were deeply divided. The majority within the party (its Parliamentary group as well as the Cabinet) were prohibitionists, but a substantial minority remained opposed to the policy. Within the Cabinet they were represented by four ministers, who pointed out that it might be hard to renegotiate a treaty as good as the existing one with Portugal. They argued that nothing must be done before the referendum had shown whether there was a popular majority in favour of prohibition. The Cabinet’s majority, including the Prime Minister, declared in favour of rescinding the treaty.

The matter was brought before the Storting in June, and the treaty was

upheld by a vote of 63 to 58. The parliamentary majority included 7 Liberals and 2 Socialists in addition to the 54 Conservatives. The debate provides some insight into their preference orderings. All agreed that the Portuguese treaty was a public good insofar as it had proved beneficial to Norwegian shipping and exports, especially the fishing industry. On the other hand very few seemed to regard the importation of wine from Portugal as a public good. It definitely constituted a 'public bad' in the eyes of the temperance men, but it was defended by the Conservatives as a reasonable price to pay. The others found the price very high, many of them too high – but then again there were some who thought it might be worth paying, and who opted in favour of leaving this decision to the voters. All the seven Liberals who voted with the Conservatives represented fishery districts. One of them, a strong adherent of the temperance movement, made the following statement:

'I have been very much in doubt ever since this matter came up. The apprehension which I feel is due to the fact that the future of our fishing industry must be taken into consideration when the consequences of a cancellation of our treaty with Portugal are evaluated. Therefore I have found in the end that it is right to let the electors themselves be the judges of both matters, the economic issue as well as the issue of temperance'.

The motives of individual Members of Parliament are less interesting than those of the Prime Minister, Gunnar Knudsen, who had been head of the government during the last seven years. Since 1918 his party no longer commanded a majority in Parliament, but he continued in office because Conservatives and Socialists were unwilling to join hands against him. He was a business man, who certainly appreciated the economic value of the commercial treaty with Portugal. Personally he did not belong to the temperance movement. He did state as his view that he regarded the importation of Portuguese wine as a 'public bad', but his arguments in this respect scarcely appeared to be founded on a very strong conviction. Though he referred to the consumption of alcoholic beverages in general as a social evil, he defended the exemption of light wine and beer from prohibition, a compromise standpoint which might make Liberal policy more palatable for non-temperance party members.

The split within Liberal ranks must have constituted a main problem for Gunnar Knudsen. A policy which antagonized the temperance societies, such as an outright rejection of their demand for a cancellation of the agreement with Portugal, would have been suicidal. The party sorely needed the votes that the societies were able to mobilize at election time. It

seems reasonable to suppose that Gunnar Knudsen wanted the agreement with Portugal to remain in force. But the loss of temperance votes was much too heavy a price to pay. He avoided this by ostensibly favouring cancellation while he left the final decision to the Storting. Probably, as an experienced tactician, he foresaw the outcome of his unusual manoeuvre. Unusual it certainly was. His presentation of the issue to the Storting is worth quoting. First, the Prime Minister argued that the disagreement between the majority and the minority within his Cabinet was not of any great significance. But the rest of his argument did not conform very well to those introductory words:

‘Bringing this matter to the Storting is no doubt a breach of strong parliamentary rules . . . There has been a firm rule to the effect that a Cabinet minority cannot put its dissenting view before the Storting. That is a fixed rule. A government must behave outwardly as a unit. That has been a parliamentary rule. When we have broken it in this case it is because of the circumstances and because we are of the opinion that in the present situation it would not be reasonable for the Cabinet to take the responsibility alone. I will also add that the issue we now submit, orally, to the Storting is rather to be regarded as a mutual conference between government and parliament, in the course of which the Storting gives its opinion.’

This could hardly be called a strong and clear argument in favour of choosing an unusual political procedure. It seems logical to conclude that the Prime Minister wanted the Portuguese treaty to remain in force, but with the least possible loss for the Liberal party. The best way, perhaps the only way, to achieve this difficult objective was by pretending to favour cancellation, while the task of upholding the treaty was left in the main to the political opposition.<sup>2</sup>

### III

Preferences are expressed in connection with elections as well as referendums, but as a rule more clearly in connection with a referendum, when attention is focused on one single issue. A person who finds himself in the limelight will have to take an unambiguous public stand before a referendum, and sometimes there is the risk that the revelation of his real preference may prove very costly for the party or movement that he represents. It is to be expected, therefore, that correct preferences will not always be expressed, and occasionally the very opposite occurs. I think it did in

1919, and I shall mention briefly a more recent example which seems to me to provide a parallel.

Per Borten headed the Norwegian coalition government from 1965 to 1971. It was a non-socialist coalition formed against the socialists, but after 1970 quite a different conflict dimension became salient in connection with the question of entry into the Common Market. The coalition partners had agreed to apply for entry in 1967. When General de Gaulle vetoed British membership the Norwegian application became inoperative, but it was renewed in June 1970 after de Gaulle's retirement. By then, however, resistance to the idea was on the increase in Norway. In the latter half of the nineteen-sixties a rapid process of industrialization and centralization made many people apprehensive. There were fears, not least within the Prime Minister's Agrarian party, that entry into the European Community would strengthen the urbanizing trend to the detriment of Norwegian agriculture. Nevertheless Per Borten actively pursued the Common Market negotiations, stating his conviction that Norway's agricultural interests could be accommodated in a satisfactory manner with the EC. Relations between the coalition partners had now become somewhat strained, however. Several colleagues of Borten's in the Cabinet showed increasing irritation at the lukewarm or even critical attitude taken by the Agrarian party press toward the EC, and when the Prime Minister committed an indiscretion in February 1971 they demanded his resignation. Thereupon the coalition dissolved. The Agrarian party's National Board issued a statement on March 5th, in which reference was made to plans that had been recently published in Brussels for an EC currency union and other forms of far-reaching collaboration (the so-called Werner and Davignon plans). By declaring these to be incompatible with the preconditions of the Norwegian application for entry, the Agrarian National Board effectively changed from a pro- to an anti-EC stand. Per Borten from now on had to follow this new party line. His coalition government resigned and a Labour government took over, committed to seeking entry into the EC. This new government asked for and obtained considerable Common Market concessions in matters of agricultural policy, but the Agrarian party nevertheless maintained its attitude. Its spokesmen (Borten among them) unanimously opposed Norwegian entry into the EC during the campaign which preceded the referendum of 1972.

The referendum itself held an element of drama. When votes were counted after the polling booths had closed, the pro-EC side at first proved to have a clear lead. Around midnight Norwegian entry seemed to be assured. When political leaders were interviewed on television, Per Bor-

ten declared with a smile (and with clear signs of relief, or so at least it seemed to this observer) that he had always felt certain there would be a popular majority in favour of entry. A few hours later, however, voters in the peripheral areas of the country proved to have been so overwhelmingly against membership that the balance was finally tipped the other way. Borten's public utterance during the night seems to indicate that he continued all along to prefer the line he had followed as Prime Minister. He felt constrained by this party to advocate the rejection of membership, but trusted others to secure a different result.

#### IV

I am willing to admit that I may have misinterpreted Per Borten, and Gunnar Knudsen as well, though I find it hard to think of another explanation of their behaviour. What I want to emphasize, however, is the fact that the openness of the referendum procedure did *not* preclude the possibility of leaders giving a false presentation of their preferences. They may not have done so, but the situation was such that they were very well able to, if they felt that their party's interests made it imperative.

The same reasoning can be applied to elections, although here the circumstances are usually somewhat different. In an election campaign there is seldom the same obligation for a politician to endorse unequivocally one specific alternative while turning down another. Moreover, the consequences of taking a certain stand are not easy to assess. A number of different matters are debated at one and the same time, some of an economic nature, others non-economic. Votes are lost and won. But it is often hard to tell why, and consequently also hard to tell whether misrepresentation, if it occurs, is profitable or not. In the course of the last generation, however, systematic electoral research has made it possible to offer some answers to such questions, though they are still largely tentative. Leif Johansen is certainly right in pointing to the desirability of having more empirical studies carried out. As an example of some of the problems involved I shall take the Norwegian parliamentary election of 1969, the last general election that was conducted before the EC referendum of 1972.

From 1945 to 1965 the Norwegian Labour party had been the party of government, almost without interruption. But in 1965 the non-socialist parties won the majority of seats and formed a coalition ministry which governed during the subsequent four-year parliamentary period. In 1969



the Labour leadership made a determined effort to regain the majority. Their party was now on the offensive and succeeded in winning a substantial number of votes. But it did not succeed in keeping them for long. In the EC referendum of 1972 a majority rejected the solution which the Labour party went in for, and in the subsequent parliamentary election a year later it suffered a greater setback than it had experienced for several decades.

The party seemed unable to fulfill the expectations that it had created in 1969. But what were these expectations? The question is not easily answered. Voters had a clear choice, in so far as they could either support the incumbents or try to get Labour back in office. But it was not equally clear what made them opt for one or the other solution.

In addition to official statistics the results of a representative sample survey provide a basis for studying the election. Henry Valen has performed a preliminary analysis with the aid of this set of data (Valen 1972). He finds that many voters changed their party preference for one of the following reasons: either they preferred the Labour party's proposal to that of the bourgeois coalition government in the matter of a value-added tax, or they disagreed with Labour's proposal for a liberalization of the law on abortions. Not only did numerous observers relate their impression that these two issues dominated the electoral campaign; the same impression was also confirmed by the voters themselves. A representative sample of the electorate was asked immediately after polling day what had been the most controversial issue during the campaign, and no less than 56 percent singled out taxation (VAT) as the subject about which there had been the strongest disagreement between the parties. 6 percent assigned this role to the abortion issue. Certain other subjects, such as decentralization and housing, were also mentioned, but none by more than 1 to 2 percent of the sample. This explains some important aspects of the final outcome. The Labour party received a sizeable influx of voters along the left/right dimension. At the same time, it lost a certain number of actively religious people, while the Christian Democrats gained support because of their resistance to Labour's proposed liberalization of abortion.

These were the issues on which a clear and visible disagreement appeared between the parties, but only some of the transfers of votes can be explained thereby. Henry Valen points out that there are aspects of the outcome which remain unexplained (Valen 1972). In particular there is the fact that Labour's gains were much greater in North Norway than elsewhere. Also the Centre (Agrarian) party increased its share of the votes, presumably along the rural/urban cleavage, although the survey data failed to show any trace of this conflict dimension being operative.

It seems desirable to make a supplementary study from another angle. As noted above, respondents were asked to name the issue on which they thought the parties disagreed most strongly. But perhaps some voters changed sides because of an issue on which the parties did *not* express sharp disagreement. If so, these electors must after all have been guided by certain impressions of what the parties stood for, impressions which may or may not have been clear and correct. The possibility of misrepresentation or misunderstanding in an election seems most likely to be present in cases of this sort.

Perhaps it does not sound convincing to say that sides were changed – that there was even a considerable transfer of votes – because of an issue on which little disagreement existed. But such can be the case. In electoral research a distinction is sometimes made between position issues and valence issues. The latter have to do not with different stands taken by different parties, but with the question which party is better qualified to handle a given problem or implement a given policy. A valence issue may well influence the outcome of an election as strongly as a position issue under certain circumstances.

One particular aspect of the 1969 survey is rather puzzling. Voters pointed out taxation and to some extent abortion as the most contentious issues. But at the same time the majority did not express the opinion that there were questions of a particularly urgent nature, for which politicians must find a solution. First priority was given to quite a different issue, that of decentralization. Respondents were asked, in 1965 as well as in 1969, what particular matters they regarded as urgently needing solution. It turned out that ‘regional aid and communications’ had become decidedly the most important issue area during this four-year period in the eyes of the voters (Valen 1972).<sup>3</sup> But here no marked disagreement between the parties was visible. None of them took a stand against the outlying districts. On the contrary, they all declared in favour of regional aid, albeit with varying emphasis. Agrarian party leaders had long been the strongest spokesmen of the districts on the non-socialist side. As early as the 1965 election they made themselves advocates of a policy of decentralization. Since then, however, the Labour party had taken up the theme and elaborated on it.

## V

Under Labour party rule since 1945 there had been a rapid process of industrialization, and also a centralizing tendency. The trend came to be

felt with particular force in North Norway. It was strong in the later years of Labour rule, and it continued under the non-socialist government. During the period 1961–1965, annual net migration from the three northern-most provinces had reached a figure of some two thousand a year. But the following years were characterized by a further strong increase in the rate of migration. There was also a drain, although less pronounced, from other peripheral areas, and a corresponding increase in the region of the capital city. The process was clearly reflected in the official statistics:

Table 1. Net Internal Migration in Norway, 1966–1971. Surplus of Persons Settling In (+) or Leaving (-) Area.

	1966–69	1970	1971	Total 1966–71
Oslo area	+20,177	+5,496	+ 406	+26,079
Inner East (Hedmark- Oppland)	- 1,509	+ 269	+ 818	- 422
South-East (Buskerud- Telemark)	- 215	+1,030	+ 997	+ 1,812
Southern area	+ 1,963	+ 614	+ 942	+ 3,519
Western area	- 4,180	-1,725	- 408	- 6,313
Central area (Trøndelag)	- 1,167	- 730	- 116	- 2,013
North Norway	-15,069	-4,954	-2,639	-22,662

No doubt it could be said that this development had many positive aspects. The migrants were offered good job opportunities in secondary and tertiary branches of the economy. The whole transfer of population could be seen as a sign of modernization, a factor contributing to a general rise in the level of living. Actually this had been a standard argument of Labour party leaders in the 1950's and early 60's. Centralization was presented as an almost exclusively beneficial process. But a change became noticeable after Labour's stunning electoral defeat in 1965.

The party carried out a process of searching self-criticism. Its leaders had become painfully aware of the fact that they were no longer in touch with the grass roots. When they sought direct contact with the rank and file in the latter part of the 60's, the strength of the reaction in the periphery was suddenly brought home to them. And they decided not to obstruct it; on the contrary, they made themselves champions of the periphery. Labour leaders took up the theme of their adversaries, and they could do so with good effect, since the general development of the nineteen-fifties and early sixties continued after 1965 under non-socialist rule. Labour

now accused the government of doing nothing or nothing effective to improve the position of the periphery. The party put forward in Parliament a specific North Norway plan about a year before the 1969 election was due, and proceeded to draw up an elaborate election manifesto. It was presented to the National Congress in May, 1969, by Per Kleppe, who emphasized *decentralization* as a primary goal of future Labour policy. This, he said, was the main plank in the Party's electoral platform (Protokoll 1969: 153–170).

Election manifestos have proved a useful source for the analysis of political dimensions. In particular David Robertson has examined British manifestos for 'symbols' or references to specific topics. He has coded each manifesto, counting the number of occurrences of each topic over a number of years, and subjected them to factor analysis (Robertson 1976: 72 ff). A similar procedure could be applied to the Norwegian Labour party, but in this case its usefulness is somewhat doubtful. A quantitative analysis of the 1969 manifesto leaves an impression that the party mainly emphasized the urban branches of the economy and took little interest in decentralization (Grønmo 1975: 126 f).

Table 2. The Norwegian Labour Party's Programme 1969.

	Per cent of text devoted to:
Aid to secondary and tertiary branches of the economy	8
Social security	8
Aid to primary branch of the economy	4
Government industries	4
Private industries	4
Education, general	4
Decentralization, general	3
Protection of nature and environment	3
Improvement of communications	3
Construction of dwellings	3
Democracy	3
Economic efficiency	3
Assistance to developing countries	3
Progressive taxation	2
Decentralization, economic	2
Vocational training	2
Art and Culture	2
Measures favouring youth	2
Measures favouring wage and salary earners	1
Organizations	1
Other subjects, in all	35
Sum	100

But actually the Labour programme was not a 'manifesto' at all, not a document with ringing phrases destined to appeal to popular imagination. It was a whole book, a 'catalogue' the party leaders called it, for the use of campaign workers who should be provided with standard answers to all kinds of questions from voters and opponents.

Per Kleppe took care to explain at the National Congress which parts of the programme were of primary importance. Between one third and one half of his whole exposition was devoted to the subject of decentralization and regional aid. And he stated very clearly that this should be given first priority in the electoral campaign which was to start in three months' time. No opposition was voiced at the Congress, but still there may have been mixed reactions, since increased regional aid could easily mean a reduction of public services for the centre.

Actually what is important to analyze is perhaps not so much the content of the election programme, or the leadership's interpretation of it, as the interpretation given by mass media, particularly by the party press. The electorate had the programme presented to them through the newspapers. It is interesting to compare the verbatim report of the Congress, as subsequently printed, with what was reported in the main Labour paper at the time (reports on May 12, 13 and 14, 1969, in the Oslo daily *Arbeiderbladet*). While a number of other subjects of debate were presented in more or less detail, regional aid was not mentioned at all. According to what the newspaper readers in and around Oslo were given to know, this theme might not have been touched upon at the Congress, much less been given first priority in the leaders' proposals as well as in the resolution that was finally adopted. Reports were quite different in provincial papers. The impression is strengthened by an analysis of the election campaign in August/September. Table 3 shows what topics were treated in the editorials of two labour newspapers during the three weeks from 18 August, when the battle started, to polling day on 8 September. *Nordlys*, with a circulation of 23,000 copies, was the main Labour daily in North Norway, actually the largest of all newspapers in that part of the country. *Arbeiderbladet* in Oslo, largest among the party's papers, had a total of nearly 75,000 copies, eighty per cent of which were sold in the capital and its vicinity. *Nordlys* mostly carried one editorial, sometimes two, and *Arbeiderbladet* had at least two main editorials every day. They have been coded in the Table. It will be seen that the only difference worth noting had to do with regional aid, but in this respect the two papers were strikingly different. A topic which engaged the attention of the Northern editor more than any other was blandly ignored by his colleague in Oslo. Otherwise

their interests were much the same. For example, they both used much of the space at their disposal to discuss questions of taxation as well as a change of government; they argued that a one-party Labour government would be more efficient than the four-party coalition, which had presented no common manifesto. But as to the policy that would be implemented by Labour, the two papers did not speak with one voice. There appeared to be a centre/periphery cleavage. While *Nordlys* was enthusiastic about the idea of aid to the outlying districts, *Arbeiderbladet* kept a sullen silence.

Table 3. Subjects of Editorials During Last 3 Weeks Before 1969 Election.\*

	Number of times dealt with in:	
	'Arbeiderbladet'	'Nordlys'
Regional Aid	0	9
Taxes and Distribution of Income	13	4
Change of Government	6	4
Foreign and Defence Policy	5	2
Price Level	3	1
Dwellings	3	1
Care of Aged	2	2
Industrialization	2	0

\*Subjects treated no more than once in either paper are excluded.

The picture which emerges is of a party without a clear stand either for or against centralization. This is not uncommon. Some would even consider it normal for a party, in the words of Gunnar Sjöblom, 'to formulate an output that . . . is differentiated according to various influence objects' (Sjöblom 1968: 261). It can be termed a form of misrepresentation of preferences, in so far as some voters are led to believe one thing about a party while other voters are led to believe something different. In such cases there are good reasons for thinking, as Leif Johansen does, that misrepresentation will prove counterproductive. Still it may be possible for a party to satisfy these different sets of voters' expectations. After the 1969 election, if favourable circumstances had prevailed, it is not inconceivable that a Labour government might have been able to work out some compromise solution, which would have been acceptable to people in the centre without antagonizing the periphery.

Favourable circumstances failed to materialize. Quite the contrary occurred. The EC issue became salient again in 1970, and while Labour

leaders firmly believed in the desirability of bringing their country into the Common Market, the idea was not a popular one in the outlying districts, where people thought that too much wealth and industry was already being concentrated in and around far-away Oslo. They disliked the idea of transferring decision-making power to Brussels, which is still farther away. But in the later years of the nineteen-sixties the question of entry had not been on the Norwegian political agenda, and the leaders of the Labour party had felt free then to launch an appeal to voters in the periphery. They were determined to counter the kind of 'populist' agitation with the aid of which their competitors had taken away many votes from them in 1965.

Are we justified in talking about misrepresentation in connection with the Labour leaders' expression of preference for a policy of decentralization and devolution of power in 1969? No doubt they were willing to do a good deal for the periphery. However, the reticence of the leading Labour daily in the South gave an indication that there might be limits, perhaps rather strict limits to the decentralizing policy measures that a Labour government would implement. And in no case were the leaders willing to forego Common Market membership. They did not believe like the populists that there was something fundamentally wrong with the whole European politico-economic structure, so that Norway should shy away from it and stay outside. But there was no need to talk about this delicate matter during the 1969 campaign. It did not seem far-fetched to think that a Labour government might be able to implement some compromise solution acceptable to the periphery as well as to the centre.

However, no sooner was the election over than the question of entry into the Common Market reappeared on the Norwegian political agenda. This eventuality had scarcely been taken into account. One single reference had been made to Europe when the election programme was introduced, and it might be termed slightly misleading. The Common Market, the European Community, was seen by many people, especially in the outlying districts, as the very embodiment of the sinister forces at work against them. Per Kleppe appealed, halfway at least, to this sentiment when he said at the National Congress of May 1969: 'No longer shall two thirds of the increase in employment take place in and around our capital city, as was the case these last years. We refuse to accept this as an unavoidable 'development'. If we did, prospects would not be bright for the Norwegian periphery in a Europe where the so-called 'development' is said to consist in a growing concentration of people and employment opportunities inside a Central European region that has already become

overpopulated'. Thus labour leaders could appeal in May to feelings of apprehension which they themselves did not fully share (a certain mental reservation was discernible in Kleppe's statement, when he referred to what was 'said' to be the frightening condition of Central Europe). But already in December it became apparent that the question of Norwegian entry into the Common Market would soon be raised in earnest. And, since the issue was to be placed before the people at a referendum, mental reservations no longer offered a possibility of escape. The question had to be faced squarely: 'Are you for or against the EC?' The Labour party leadership was in favour, the Norwegian periphery was strongly against, and in consequence the party suffered a marked setback in the peripheral regions after the EC referendum.

Labour came very near to gaining a majority of parliamentary seats in September 1969. The party increased its share of the total vote by nearly three and a half percent, and twice as much in North Norway (Rokkan and Valen 1970: 294).

Table 4. Percentage Gains and Losses of Parties in North Norway, 1965–1969

Labour Party	+ 6.8
Agrarian Party	+ 1.3
Conservatives	- 3.2
Christian Democrats	- 0.7
Liberals	- 1.3
Socialist People's Party	- 2.5
Communist Party	- 0.4

It is worth noting that Labour gains were particularly great in sparsely populated communes. But here the losses also proved to be greatest at the time of the 1973 election. The anti-centralization campaign, productive in 1969, seemed to have a counterproductive effect in the longer run.

If we enjoy playing the role of severe and moralistic judges, we are entitled to regard Per Kleppe's remark about the overcrowding of Central Europe as a politician's misrepresentation of his and his party's preference. To the extent that he did make a misleading statement, however, he did so only by innuendo and with rather clear reservations. A keen



observer would detect that while he talked the language of the populists he still reserved the right to reject some of their main conclusions and policy recommendations. It can hardly be called a serious case of misrepresentation. Still it may have helped create expectations in the Norwegian periphery which the Labour party leadership was both unwilling and unable to fulfill. To the extent that this was the case it proved counter-productive. Misrepresentation of preferences, even in rather innocent form, can be a risky business. But this is hardly a guarantee that it will never be practised.<sup>4</sup>

## VI

Leif Johansen remarks that if false pretences are made in politics, the outcome of the process may be 'far from optimal' (Johansen 1977:147). Conversely, we could ask whether, in the absence of misrepresentation by politicians, the optimum amount of public goods will be offered. There is no assurance that this will happen. Competition between political parties can be seen as a form of oligopolistic competition, and their behaviour is parallel in some respects to the pricing policy of economic oligopolists. Often the latter will produce less than the optimum amount of goods, charging a higher price. Sometimes the opposite occurs, when there is a price war. One oligopolist lowers his price and others respond by cutting theirs even more. Unlike what happens in a market with a large number of producers, the price does not provide a signal to buyers that the amount of goods offered corresponds to what can be produced at a reasonable profit. In one case less than this is offered, at a higher price. In the other case the price is too low for production to be continued in the long run. While we would not be justified in saying that producers make false pretences, in a sense there is a kind of misrepresentation or misinformation involved in both cases.

No doubt there is also the possibility that the price in an oligopolistic market can be the same as in an atomistic market. If an oligopolist lowers his price by a certain amount and his competitors do likewise but go no further, avoiding a price war, then the demand for all goods in the industry will be increased. Perhaps the new price is equal to the one that would have obtained if there had been a large number of producers competing. But such an outcome would be purely accidental.

Similar things can happen in an oligopolistic market for public goods, that is to say, when political parties compete for the support of the

electorate. Even if misrepresentation of preferences is avoided by every politician, it may well be the case that either too little or too much of public goods is being offered. Provision of such goods involves costs to individual voters, while the benefits accrue to all irrespective of whether they have contributed very much, very little, or nothing at all. Sometimes politicians believe that citizens are more aware of the costs (in the form of taxes) than they are of the benefits. If so, parties vie with one another in offering tax cuts and the curtailment of public spending. Anthony Downs argued some years ago that this was a general tendency, resulting in a smaller supply of public goods than the majority was willing to pay for (Downs 1960). Today the opposite argument is put forward by several authors: citizens are more aware of the benefits from public goods than they are of the costs. Consequently parties compete in offering more such goods than can be paid for at existing tax rates. The supply cannot be maintained in the long run without some sort of increased taxation. This usually comes in the form of inflation, with the result that people's confidence in politicians is eroded.<sup>5</sup> And politicians on their side will find it most difficult to stop the process once it has started. In such a situation, even if they consider a reduction of public expenditure highly desirable, they may come to the conclusion that it would be too risky to express that preference openly.

A politician may begin by honestly declaring his willingness to let voters have what they want, only to discover later on that both he and they were unduly optimistic: they cannot eat their cake and still have it. But then he may find the difficulty of not misrepresenting his preferences insuperable. Or, if he makes a clear and unambiguous statement, he may find it impossible to act on his words.<sup>6</sup>

#### NOTES

- 1 The treaty can be called an impure public good, in so far as its benefits were not equally available to all members of the Norwegian society. An example of an 'impure' public good which has often been used is that of a national park in a comparatively inaccessible mountain region.
- 2 After all, the temperance societies succeeded in securing a popular majority for prohibition at the referendum of October 1919. Seven years later a second referendum gave a majority for repeal, partly because the prohibition policy did result in severe losses to the fishing industry (Butler and Ranney, 1978: 175-180).
- 3 In 1965 only 27 percent of respondents gave first priority to this issue area. By 1969 the figure had risen to 59 percent. Of these, 49 percent defined it as a regional problem and only 10 percent as a national one. It can be added that in the Trøndelag/North Norway region the figures were 82,72 and 10 percent respectively in 1969. The 1965 figure had been 41. In the Southern and Eastern region, including Oslo, the 1969 figures were 37,27

- and 10 percent. In 1965 no more than 17 percent had given first priority to regional aid and communications in that region. Thus the change in attitudes was marked, here as in the periphery (in the third region, the West, figures were almost as high as in the North).
- 4 It has been suggested, with reference to British experience, that politicians will act according to the preferences they have expressed during a campaign, but only for a certain time. In the mid-term between elections they will tend to pursue less 'popular' policies (Mosley 1978: 393).
  - 5 See Buchanan and Wagner (1977). There are those who contend that it is better if politicians perform a deliberate 'act of deluding' the electorate. West and Winer talk about 'an optimal degree of deluding' (1980: 613). For a different view, see Goodin 1980.
  - 6 A revealing debate took place in the Norwegian *Storting* in December 1980. After the minority government had presented its budget for 1981, spokesmen of parties representing the majority of Parliament criticized the proposals severely. Overall expenditure was too high and public revenue too low. But the government was not voted down. On the contrary, Parliament ended up making some slight cuts in proposed revenue items while the total expenditure was increased, albeit only by a small amount. (A general election is due in 1981.)

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