

Political Positions, Hierarchies and Political Markets: Towards a New Theory on Political Recruitment*

Bernt Krohn Solvang, Agder College, Kristiansand

This article addresses itself to the problem of political recruitment. Most recruitment studies are based on models of recruitment where the model presupposes more candidates than positions. Studying local committees we cannot presuppose excess demand for political positions. The article tries to introduce economic theory into the study of political recruitment. With concepts of market, supply, demand and prices, the article discusses recruitment to various types of positions. When we have extreme market conditions with either excess demand or lack of demand, the recruitment processes can best be understood in terms of hierarchical forces.

The sales of less important positions in a situation with low demand for these positions could best be understood in terms of market mechanism. Comparing an economic market with a political market, the article finds variation in the transaction structure. The economic markets have a specific transaction structure, with specific obligations linked to transactions, while the political markets have a more unspecified transaction structure with more unspecified obligations linked to the transactions. A less specified transaction structure has lower transaction costs in a hierarchy than in a market. This, the author believes, could explain why some transactions take place in markets while others take place in hierarchies.

Introduction

The purpose of this article is to offer some reflections on the processes of recruitment to political positions.¹

One main trend in political recruitment studies has seen the process of recruitment in its various stages. At each stage in the process some potential candidates drop out or have been dis-regarded (Prewit 1969;

* I would like to thank Ib Eriksen, Stein Østre, James W. Dean and Terje Sande for valuable comments. Also other colleges and political scientists mentioned in the text are acknowledged. The responsibility for this article is, however, mine.

Political Positions, Hierarchies and Political Markets: Towards a New Theory on Political Recruitment*

Bernt Krohn Solvang, Agder College, Kristiansand

This article addresses itself to the problem of political recruitment. Most recruitment studies are based on models of recruitment where the model presupposes more candidates than positions. Studying local committees we cannot presuppose excess demand for political positions. The article tries to introduce economic theory into the study of political recruitment. With concepts of market, supply, demand and prices, the article discusses recruitment to various types of positions. When we have extreme market conditions with either excess demand or lack of demand, the recruitment processes can best be understood in terms of hierarchical forces.

The sales of less important positions in a situation with low demand for these positions could best be understood in terms of market mechanism. Comparing an economic market with a political market, the article finds variation in the transaction structure. The economic markets have a specific transaction structure, with specific obligations linked to transactions, while the political markets have a more unspecified transaction structure with more unspecified obligations linked to the transactions. A less specified transaction structure has lower transaction costs in a hierarchy than in a market. This, the author believes, could explain why some transactions take place in markets while others take place in hierarchies.

Introduction

The purpose of this article is to offer some reflections on the processes of recruitment to political positions.¹

One main trend in political recruitment studies has seen the process of recruitment in its various stages. At each stage in the process some potential candidates drop out or have been dis-regarded (Prewit 1969;

* I would like to thank Ib Eriksen, Stein Østre, James W. Dean and Terje Sande for valuable comments. Also other colleges and political scientists mentioned in the text are acknowledged. The responsibility for this article is, however, mine.

Foverskov 1978). Other approaches have combined a 'selection of candidates model' with market forces as 'opportunity', 'risk' etc. in a complicated system in various stages (Seligman 1971). These approaches seem to presuppose excess demand for political positions. These approaches are based on a situation with more candidates than positions.

Studying recruitment to local committees in some Norwegian local authorities (Kommuner) has, however, taught me that we cannot *presuppose* excess demand for political positions. For many positions candidates have to be found first, and this does not presuppose their requiring a high degree of party loyalty. I have also noticed how the recruitment criteria change with changing party size and changing demand for the positions. At the same time, the process of selecting the candidates to the empty positions varies dramatically, from 'consider yourself re-elected if we do not hear from you', to time-consuming party meetings to recruit a position. This leads me to try to consider political recruitment as a process going on partly in a market way and partly as a hierarchical mode.

In this article, I will start off by investigating the distribution of political positions from a market perspective and then modify the perspective by introducing hierarchy.

Studying recruitment to local committees, I was early aware of the change in recruitment criteria when the party size changed. This is easy to explain with an economic market model, and for this reason I start off by trying to use a market model of the recruitment processes, before I introduce the hierarchy concept.

The Political Markets

What are commodities or services in a political market?

Since we are primarily concerned with the recruitment processes we will let the *Political positions* be the answer to our question. These commodities, the political positions, are not ordinary sold on an open market, but they are offered on various segmented political markets.

The political positions are of various types: some positions are very attractive, others are not. Some positions are filled as a result of uniparty decisions – each party has a fixed number of positions to fill with candidates. Other positions are offered as a result of multiparty decisions. A lot of political positions are not filled directly by the parties, but the parties propose and the public bureaucracy or the government decide. We also have many important political positions which are not filled as a result of

party decisions. We shall confine the concept of political positions directly or almost directly to positions recruited by party decisions (Uniparty decisions.)

Who are the offerers or sellers?

The offerers of political positions are of various types; bureaucratic structures, parties and business organizations. Since we have chosen to consider only political positions offered directly or indirectly by parties, we have limited ourselves to regard the political parties as offerers. In parliamentary democracies, political parties have the right to a certain number of positions of various types according to the size of the party.

Who are the offerees or buyers?

The offerees could be defined as the more or less motivated potential candidates. With regard to party relationship there are three kinds of candidates:

1. Party members
2. Party sympathizers
3. Other potential candidates.

Some of the offerees are *multi-level actors* motivated for political positions at two or three levels. Other offerees are single-level actors motivated for political positions at only one level.

In some decision situations, it is obvious who are the offerees, in other situations the offerees have to be searched for.

Whom and how many offerees we have with regard to a political position, is an empirical question which has to be considered.

What are the means of payment and the income?

In economics the means of *payment* is *money*. And it is *income* from paid work or capital that enables the customers to pay. Normally, income is unequally distributed in societies; some people are sometimes willing to and able to pay a higher price than others. The reason for this is that they have different preferences – some prefer political work, others prefer other leisure activities. When a candidate is appointed to a political position, he will have that position more or less temporarily. We can say he is borrowing the position. He has to pay interest by doing a certain amount of work in a certain manner. He is rewarded by social and economic rewards.

In economics the price is something which both the seller and the buyer agree on and have the same concept of. In politics there is no commonly accepted price-concept. But both the candidate and the party have different concepts of what qualifications a candidate ought to possess depending on what kind of political positions that need candidates.

We will use a concept of *Political Capital* as our price-measure. The concept of political capital is a composite concept and will rest upon income sources as;

- Leisure hours (LA)
- Political positions and shown loyalty. (PL)
- Professional competence and ability to represent a group. (PC)

By investing leisure hours in political work or education, a candidate will increase his political capital and thereby increase his chances to get the positions he wants. The political capital (Y) is a function of these factors:
 $Y = f(PL, PC, LA)$

A candidate's political capital will have to be more or less continually renewed and maintained by getting political income from the sources we have mentioned. If a candidate's political capital is not renewed, the capital will be heavily discounted by the party.

Some income sources have a higher value than other income sources, depending on what kinds of requirements the party will have regarding the political capital for the specific position. Accordingly, the weights of the factors PL, PC and LA will vary according to various characteristics linked to the empty position. As a customer in a bank has to show a certain credit standard to get loans, a political candidate must have high enough creditability or *Political Capital* to be trusted the loan of the actual political position.

In economics the seller will choose the buyer according to the price the buyer is willing to pay. In politics the party will choose the candidate according to the amount and type of Political Capital that the position requires and according to the candidate market situation. In politics the seller decides whether the candidate has Political Capital that is high enough for him to be entrusted with the position. The main elements in this capital concept are the number of years the candidate has served the party and *how* he has handled previous positions. For some positions the party will try to demand capital-components as professional knowledge and/or links to specific group interests.

We can classify political positions according to the capital level the candidates must have in order to get them and according to the number of working hours they have to pay if they get the position.

Table 1. Political positions classified according to the political capital level that is necessary to get them and the amount of work that is linked to the positions.

		The necessary political capital level to get the position	
		High	Low
The amount of work linked to the position	High	Professional top Political positions 1	Recruitment positions 2
	Low	Honorary positions 3	Democratic ornamentation 4

We have excluded the rewards from the positions in Table 1. High rewards are linked to professional top positions. It is the high rewards linked to these positions which can explain their high demands and accordingly the high political capital requirement.

High rewards are also linked to the Honorary positions; the reward and the low interests that have to be paid in these positions can explain the high political capital requirements for these positions.

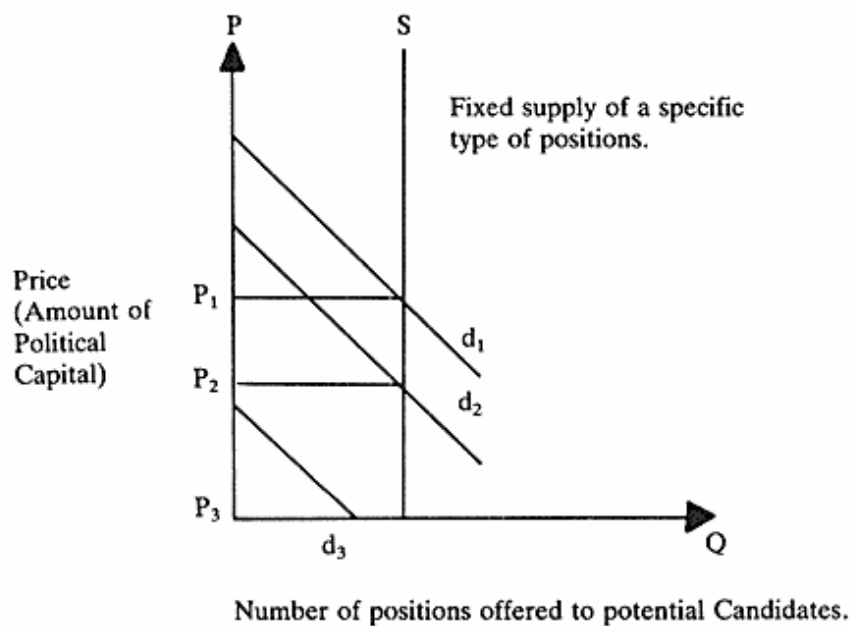
1. The political positions which are classified as high/high will be Party leader positions. You must have high political capital to get them and they are usually associated with a large amount of work and high rewards. The capital criteria that have to be met and the amount of work that has to be done will exclude those with low political capital and low ability to do large amount of work.
2. The political positions that have large amount of work but low capital level will be recruitment positions – attracting candidates who would like to increase their political capital by doing hard political work in less important positions.
3. The political positions that have high capital level but low amount of work will be attractive because of the low amount of work and their

- status within the party and perhaps within the society (High Rewards). These positions could serve as benefits for candidates with high political capital and high age. (Retiring positions.)
4. The political position that has both low capital level and low amount of work, could be seen as democratic ornamentation. For motivated candidates, investment in these positions could increase the political capital. For other candidates, the recruitment to these positions could best be understood with respect to other rewards than increased political capital (Social Rewards).

Supply, Demand and Price in Politics

At a given moment the number of political positions a party has to offer to potential candidates can be seen as fixed. As a start we shall assume it is fixed. The supply curve is vertical as shown in Figure 1. (Only one type of Positions.)

Figure 1. Equilibrium in a Political Market with fixed supply.



The demand pattern (d) could shift up or down as a result of changed preferences (political work getting more or less attractive), change in the prices on other political markets (other parties for example).

When demand for political positions is high (d_1) the party could take the price equal to P_1 . If the party tries to get a higher price, it will not get enough candidates for all the positions (assuming one candidate *one* position) or the party has to give more than one position to each candidate. If the party lowers the price to a level below P_1 , it will have more candidates than positions.

The entry to empty political positions could be regulated indirectly by shifting demand or supply and therefore cause change in the price or directly by introducing rationing mechanisms (by introducing hierarchy).

Since the parties need assurance of the competence of candidates and since they prefer safety rather than maximizing the price, the parties will introduce hierarchy; direct rationing mechanisms: The party will keep a price under P_1 if the demand is like d_1 . This will give the party opportunities to introduce direct rationing by choosing among the candidates who have different political capital and choose according to wanted criteria. The direct rationing method will also enable the party to correct for unwanted consequences of 'free' market distribution.

The Western-European social democratic parties need direct rationing so as not to get their leader structure too biased with respect to socio-economic criteria. Perhaps we could see a difference between the mass-parties and the elite-parties. The mass-parties are more oriented towards direct rationing systems, while the elite-parties will prefer the price mechanism. The different image they try to create could explain such differences.

If the demand is d_2 , the party has to lower the price to P_2 to get all positions filled. Also in this case we assume that the party prefers to play safe and it will reduce the price to below P_2 to be able to choose those candidates with the highest political capital.

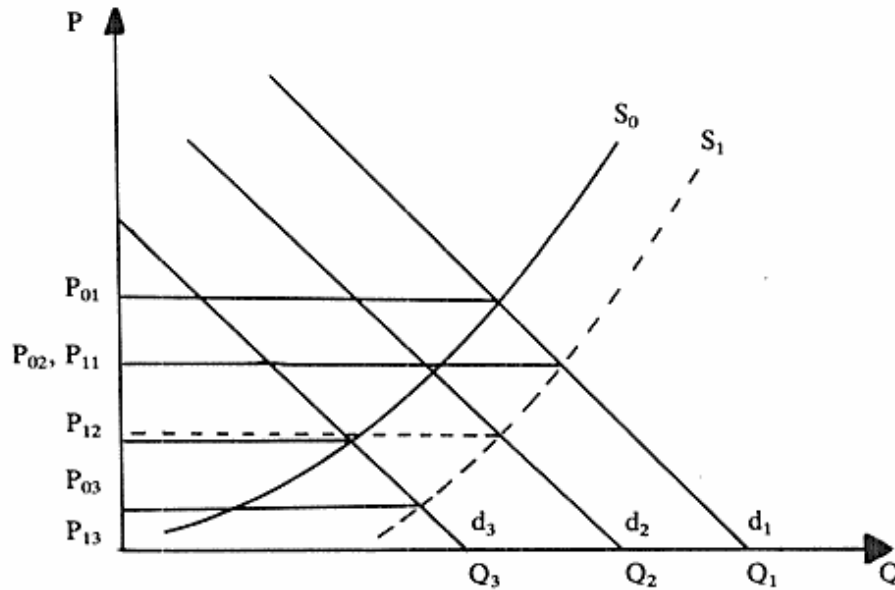
If the demand is only d_3 , the party will not be able to fill all positions even if the price is lowered to zero. If this is the situation, the party could try to increase the rewards linked to possessing the positions, give up some positions (by moving the supply curve to the left) or fill up the positions with names that do not work. This is seen in some local committees in smaller communities in Norway. Several committees exist only on paper and the so-called members do not know that they are so.

We have said that the party at a given moment has a fixed number of positions. By reducing the number of positions or by creating new party controlled (internal) positions we can imagine a somewhat more normal supply curve.

Given a situation with a higher political capital among its members, a

party will be more willing to create political positions for doing party jobs than in a situation with a lower political capital.

Figure 2. Equilibrium in a Political Market with a variable supply.



By changing the price, by choosing the capital level, and by manipulating with the supply (within certain limits, of course), the parties are able to cope with various demand patterns. By increasing the supply to S_1 (by setting up various party controlled committees) and by linking positions with low demand to positions with high demand, the parties could handle an increased demand without increasing the price. We expect *mass*-parties to use the supply mechanism to a much higher extent than the *elite*-parties.

If the demand for political positions within a party is high – the party could establish internal committees to give work to the politically unemployed.

By setting up internal committees the party will create income possibilities for political candidates. By linking recruitment to popular positions with recruitment to unpopular ones, the party gets the unpopular positions 'sold'. If the party has a lot of internal committees, it is more likely to reduce some of these if the demand is reduced than it is for a party with

fewer internal committees to reduce the number of positions as a response to reduced demand.

It is easier for the party to change the capital level which is necessary to get a position for a *new* candidate than to change the amount of work that has to be done by the people in the same positions. The sellers in politics are not only dependent on the buyers' market behaviour, but are also dependent on those holding positions and their willingness to be reelected. It is easier to lower the amount of work in a political position than to increase the amount of work.

Accordingly, when there is high demand the party will in the short run try to increase the capital level that is necessary to get new positions and keep the amount of work constant. Supplied with this, it will try to increase the number of positions. If the increased demand is persistent we will expect the price to rise.

If the demand drops to a low level the party will try to reduce the number of internal positions, if these are high in number. If the demand continues to be low the party will reduce the capital level which is necessary for new positions and thereby reduce the prices.

The Effect of Two Different Markets – Sex Quotation and Political Prices

Events on one political market are also influenced by events on other political markets. We will illustrate this by looking at effects of sex quotation; by creating two markets, *one* market for men and *one* market for women.

Some countries have tried to involve more women in politics by establishing quotas for women. In this way the supply of positions for women has increased whilst the demand is practically constant. If there is no excess demand before the increase in the number of positions, the capital level has to be reduced. On the national level in Norway, it is public policy to have 50 per cent women in committees linked to central authorities. The proportion of women has increased, but it is below the 50 per cent mark. In the long run this strategy will create political employment for more women and thereby increase their chances to get high political capital. But in the short run we expect women in a quota system to have lower capital as criteria because the market situation is different. The effect of sex quotation on the male political market will be reduced supply – increased capital level and by that increased prices.

Political Income and Political Motivation

The demand for political positions is not only determined by prices, capital level and situation on other markets. The preferences of the potential candidates do vary. To a varying degree the candidates see themselves as a Political Man. When some positions are offered on the party market, some will be motivated and others not.

We could classify the candidates according to political capital and motivation in relation to a specific offer of political positions.

Table 2. Potential candidates classified according to political capital level and actual motivation for political positions offered.

		Motivated	Not motivated
Political capital	High	Rich position seeker	Rich non-seeker
	Low	Poor position seeker	Poor non-seeker

Of these various categories the rich position seekers will have the best chances to get the position offered if there is no direct rationing system introduced or operating. The poor non-seeker will have the least chances of getting (of being asked to take) the position.

If rationing is introduced, the poor position seeker will be preferred if he is assumed to be able to do the work. If he is not, the party could either reduce the amount of work expected to be done or ask rich non-seekers. Since the reason for having introduced a rationing system probably will be to give the poor ones a chance, the rich position seekers will be preferred rather than rich non-seekers if the ration system fails to recruit poor position seekers.

If we are still operating without a direct ration system, and there are more positions than there are rich position seekers in the market, but fewer than all position seekers, the party has a choice either to reduce the supply or to reduce the price to be able to recruit the poor, or the party could try to convince rich non-seekers to be recruited. We assume that the party will try to convince rich non-seekers rather than reduce the supply or

reduce the price since the recruitment of rich non-seekers is probably easier to introduce than manipulation with supply or price.

If there is high demand from poor position seekers but not enough positions, we assume the party will establish internal employment (positions) rather than exclude rich non-seekers who no doubt are able to do the work.

Markets and Transaction Costs

Modern social scientists have begun to discuss the significance of the costs linked to transactions.

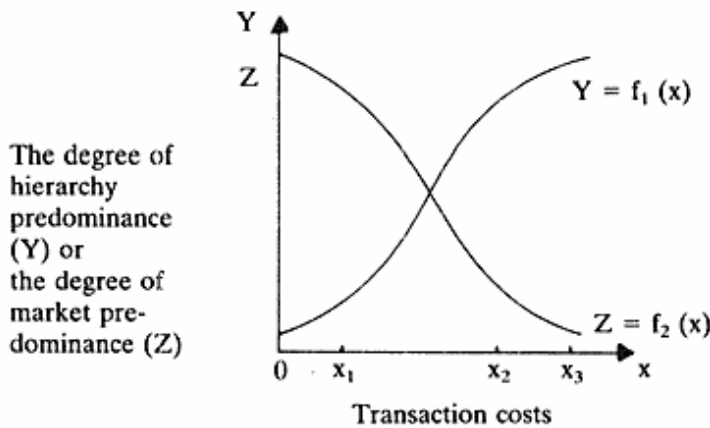
The costs of transactions are a main factor in influencing the way in which and where the transactions take place.

'The general approach to economic organization employed here can be summarized compactly as follows: (1) Markets and firms are alternative instruments for completing a related set of transactions; (2) whether a set of transactions ought to be executed across markets or within a firm depends on the relative efficiency of each mode; (3) the costs of writing and executing complex contracts across market vary with the characteristics of the human decision makers who are involved with the transaction on the one hand, and the objective properties of the market on the other; (4) although the human and environmental factors that impede exchanges between firms (across a market) manifest themselves somewhat differently within the firm, the same set of factors apply to both. A symmetrical analysis of trading thus requires that we acknowledge the transactional limits of internal organization as well as the sources of market failure. Basic to such a comparative analysis is the following proposition: Just as market structure matters in assessing the efficacy of trades in the market place, so likewise does internal structure matter in assessing internal organization.' (Williamson 1975).

Modern commodity markets will have some hierarchies linked to them to fulfil functions as control and voice receiving, whereas hierarchies will be influenced by market mechanisms like the demand and the supply of positions.

The relations between the degree of hierarchy predominance and the degree of market mechanism predominance are assumed to be linked to the transaction costs similar to this:

Figure 3. The relation between transaction costs and market or hierarchy predominance.



The degree of hierarchy predominance Y in transactions is seen as a function of transaction costs X . $Y = f_1(x)$

The degree market mechanism predominance Z in transactions is seen as another function of transaction costs X . $Z = f_2(x)$

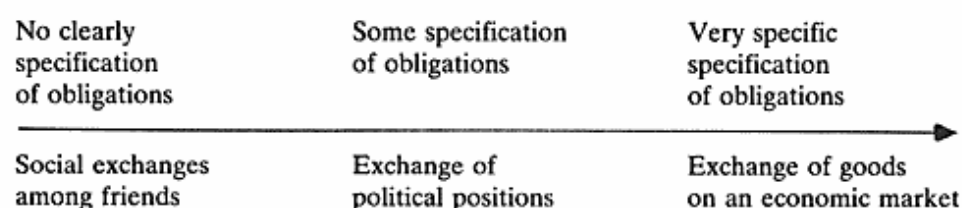
When the costs of transaction increase from 0 to X_1 there is almost no change in y . The reason for this could be regarded as costs linked to establishing hierarchies² (Hernes 1977). Since y and z are complementary variables, we see the same for z : it is almost constant when x increases from 0 to x_1 . The market mechanism will have a predominant position and almost no decline when x goes from 0 to x_1 , because of costs of establishing hierarchies. When x increases from x_2 to x_3 we have similarly no change in y .

The argument here could be that we will always have some reminiscence of market mechanism even if we have high transaction costs. Within the area x_1 and x_2 , the higher the transaction costs the higher the degree of hierarchies predominance, and the lower the degree of market mechanism dominance (Hernes 1977).

It is possible to classify exchanges according to the specification of the obligations in the exchanges. In economic transactions the exact obligations of both parties are simultaneously agreed upon. The obligations are highly specified in advance (Blau 1972). In social transactions the obligations are not clearly specified in advance. The transactions are based on mutual confidence rather than specification of obligations.

We assume the transactions of political positions to fall in between these two extreme points. These transactions have less specified obligations than economic transactions, but more specified obligations than social transactions among friends.

Figure 4. Exchanges classified according to the exchange structure.



Since the transactions with political positions are based on more uncertain ground than economic transactions, the obligations are not easily specified. The seller has to use some resources in gathering information on the actual candidates. On an economic market, the deal between the seller and buyer can go quicker and easier since it is based on a high degree of specification in advance and thereby reduces the uncertainty both for the seller and the buyer.

Since political transactions have generally higher transaction costs than most economic transactions, political transactions will to a higher degree be determined by hierarchies and, accordingly, to a lower degree of pure market mechanism.

But we do not assume all political positions to have the same transaction costs. We know the transaction costs vary for political positions as they do for commodities on the economic markets. The cost linked to transactions will be influenced by a whole range of factors. According to Williamson, the main ones are the possibilities for tactical action or the need for reciprocal trust and the costs linked to getting appropriate information to fulfil the transaction (Williamson 1976). We could add factors as the price of the goods itself and the market mechanism. These variables are assumed to be connected, as shown in Figure 5.

Figure 5. Relations between transaction costs, supply, demand and price.

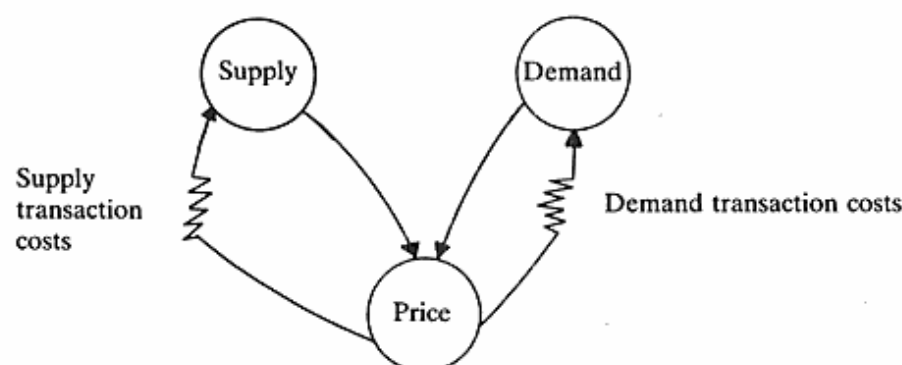


Figure 5 discerns between transaction costs operating on the demand; *Demand transaction costs*; and transaction costs operating on the supply: *Supply transaction costs*.³ The concept of transaction costs is assumed to be influenced by factors like the price of the goods, the need for reciprocal trust and information costs.

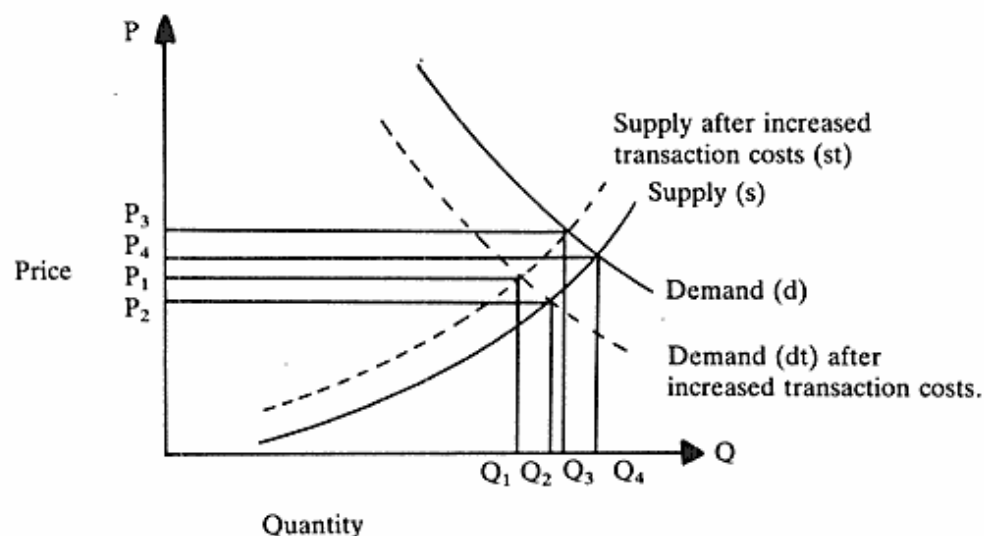
On the demand side, goods of high value will motivate the customers for security and increase their information costs. Goods of low value will imply low need for security and, hence, low transaction costs on the demand side.

The transaction costs on the demand side are mainly dependent on the *value* of the goods. The transaction costs on the supply side are mainly dependent on the price.

A high (good) price on an imperfect market implies low need for market research and security, whereas a low (bad) price reverses the situation.

To sum up, we assume the demand transaction costs to be highly dependent on the *value* of the goods, and we assume the supply transaction costs to be highly dependent on the price (the profit). High profit reduces these transaction costs. The demand transaction costs must be added to the price for the buyer. And hence if the transaction costs are high, the demand curve will be reduced as illustrated in Figure 6. For the seller the supply transaction costs have to be subtracted from the price. And hence if the transaction costs are high, the supply curve will be reduced as illustrated in Figure 6.

Figure 6. Shift analysis in a political market.



If the transaction costs operating on the demand side increase markedly, we assume a shift in the demand pattern from d to d_t . Keeping the transaction costs on the supply side constant, the shift will give a new and lower price from P_4 to P_2 .

If the transaction costs operating on the supply side increase markedly, we assume a shift in the supply curve from S to S_t , and thereby the price increases if the demand pattern remains stable.

If the transaction costs become high on the supply side, the supplier will look for organizational solutions on the transactions and thereby will move the transactions from the market to a hierarchy.

If the demand side is organized, high transaction costs operating on the demand side could result in pressure for hierarchy from the customers.

If the transaction costs are high on a market (market failure) there will be a pressure to organize the transactions in hierarchies and thereby reduce the transaction costs.

If the transaction costs are high in a hierarchy (organizational failure), there will be a pressure to reorganize and/or to move the transactions from the hierarchy over to a market (Williamson 1975). *It could be argued that the transactions which are easy to specify in obligations could most easily be accomplished in a market and that transactions which are difficult to specify in obligations could most easily be accomplished in a hierarchy.* By combining this dimension with the dimension of transaction costs, we could generate categories of transactions that might be fruitful.

Table 3. Classifying transactions according to costs and obligation specification

		Transaction structure	
		Easily specified obligations	Not easily specified obligations
Transaction costs	High	Semi market transactions 1	Transactions in hierarchies 2
	Low	Market transactions 3	Semi hierarchy transactions 4

Table 3 illustrates some assumptions which seem natural to make. Transactions costs can be high or low in both market *and* hierarchies. Transactions including obligations which are not relatively easy to specify

will not effectively be fulfilled on a market, since a market has few mechanisms to rule the transactions when the obligations are highly unspecified. For this reason transactions with unspecified obligations and high transaction costs are most likely to be found or to be transferred to hierarchies (2).

Transactions which have easily specified obligation but high transaction costs will search for markets from hierarchies if they are located there.

If these transactions function on a market and the costs remain high on the supply-side – the transactions will be moved away from markets to hierarchical arrangement in order to lower the transaction costs (1). Transaction with low transaction costs and easily specified obligations will be the market transactions *par excellence*. Because of the easily specified obligations, the transactions will have a tendency to keep low transaction costs and thereby stay in a pure market form (3). Transactions with low transaction costs but not easily specified obligations will stay in hierarchy mode as long as the transaction costs are low. If these transactions have a market origin, they will tend towards hierarchy because the unspecified obligations will tend to increase the transaction costs in the market mode (4).

Hierarchy and Transaction Costs in Political Markets

As we have seen, the parties tend to impose hierarchical mechanisms in situations when there are more candidates than positions.

By introducing sex quotas, by choosing according to group criteria and sometimes bypassing the candidates with the highest political capital, the political markets show marked imperfect characteristics. By having direct rationing systems in situations with high demand for political positions, the political markets deviate from the perfect market as defined in economics.

But by increasing the supply of positions to a level higher than the demand or by having the demand reduced to a situation of candidate shortage, the element of hierarchy declines and the positions are distributed to candidates according to their political capital, direct rationing systems are removed and market mechanisms as supply and price will after some time change value.

Some positions are seen as important by the party and other positions are seen as less important. As we have discussed, the party will try to hold a higher price and practise a direct rationing system on the important positions to be able to recruit these positions from the ranks of candidates

with the highest political capital. Of the two methods, the direct rationing system will be of greatest importance since it is more difficult to increase the price according to the high demand for these positions. The recruitment of candidates to important positions will be based on a higher need for trust on the candidates' ability: The political capital must be higher. This implies also higher transaction costs and thereby stronger influence from hierarchical elements in the recruitment processes. More people in the party are involved in the recruitment to the important positions than to the positions of less importance. The sales of important political positions could perhaps be better understood in terms of hierarchy than in terms of market mechanism. The recruitment of candidates to less important positions will be based on less need for trust. The political capital could be lowered. This implies lower transaction costs, especially if the demand for these less important positions is low. The sales of less important positions in a situation with low demand for these positions could best be understood in terms of market mechanism. The market is functioning in a way that creates low need for hierarchy. If there is high demand for unimportant positions, the element of hierarchy will be strengthened since it is difficult to increase the price and since there is (for a political party) limitation on how many new positions the party is willing to organize.

Party Evaluation of Candidates

To the positions for which the party is practising direct rationing, it has to develop methods for evaluation of the candidates and their political capital.

The hierarchy method of using an election committee is widespread. We expect election committees to go for candidates with the lowest evaluation costs if the candidate is defined to have high political capital. When a party evaluates whether a candidate shall be recruited to a position or not we expect this: When evaluating a candidate who has shown his capability for the position (by for instance having held it in a previous period) the costs of evaluating will be low and, hence, according to previous assumption will reduce the transaction costs. Re-election of a candidate for a position usually goes quietly and fast in political bodies if the market conditions have not created higher demand. However, when evaluating a new party-member, who is not known in the party body, the information costs linked to proper evaluation will be very high and the candidate will not be appointed if a candidate with the same political capital but with lower evaluation costs is available.

The high need for reciprocal trust in important arenas is 'solved' by selecting candidates with low information costs. In this way the transaction costs are reduced. This shows how re-election of the same candidate normally implies lower transaction costs than when the party is searching for new candidates to important positions.

We have previously said that the candidate may be evaluated in relation to political capital. Accordingly: When a party evaluates candidates it will usually find it easier to evaluate position seekers than non-seekers since the position seekers tend to be more known and accordingly perceived as either able or less able for the actual position. Hence, generally position seekers have lower information costs.

In *economic* markets the prices are relatively sensitive to changes in factors as supply and demand. In *political* markets the prices are less sensible to market fluctuation, since the parties introduce direct rationing to be able to have direct influence on the recruitment to political positions.

The market fluctuations in the political arenas influence the political capital level that is seen as necessary to get a position. The reason for this difference between the economic markets and the political markets is the differences in the transaction structures linked to the goods on the markets.

The economic markets have a specific transaction structure, with specific obligations linked to transactions, while the political markets have a more unspecified transaction structure with more unspecified obligations linked to the transactions. *A less specified transaction structure has lower transaction costs in a hierarchy than on a market.* This is, we believe, the explanation as to why some transactions take place in markets while others take place in hierarchies.

NOTES

1 This article is one result of a project concerned with the recruitment to local committees in Norway. The project is financed by The Norwegian Research Council for Science and the Humanities.

2 Gudmund Hernes speaks of sunk-costs (Hernes 1977).

3 Thanks to Ib Eriksen for helping me to make an earlier version of this figure simpler.

REFERENCES

- Blau, 1972. 'Social Exchange', *International Encyclopedia of the Social Sciences*, vol. 7–8.
- Foverskov, 1978. 'Den politiske rekrutteringsprosess. Teoretiske betraktninger og en tentativ Model', *Statsvetenskaplig Tidsskrift*, no. 1.
- Hernes, G. 1977. 'Mot en institusjonell økonomi'. *Statsøkonomisk tidsskrift*, hefte 2. Oslo.
- Prewitt, K. 1969. 'From the many are chosen the few', *American Behavioural Scientist* 13, no. 2.
- Seligman, G., 1971, 'Recruiting Political Elites'. General Learning Press, New York.
- Williamson, E., 1975. *Markets and Hierarchies, Analysis and Anti-trust Implications*. New York: Free Press.
- Williamson, E., 1976. 'The Economics of Internal Organization: Exit and Voice in relation to Markets and Hierarchies'. *American Economic Review*, vol., 367–377.