

## **GEOISM AND THE PRACTICE OF SOCIAL ART**

### **CHAPTER I -- GEOISM AND THE PRACTICE OF SOCIAL ART.**

This is a rough draft of the original Chapter 1, which I (Coverdale) am in the process of revising. It draws a good deal on the work of other geoist scholars and proponents. During the process of revision, I will be consulting with these geoists and also obtain their permission to reference any unpublished as well as forthcoming work. It is my understanding that the material on "ending privilege and political exploitation" will be incorporated in a forthcoming book, entitled "Justice, Morality and Community: A Geoliberal Perspective" <A HREF="links.html">,See Links We Like</A> for a description.

#### Chapter I. The Practice of Social Art: A Philosophy of Memory and Hope

For years, I have been guided by a "neo-modernist" view of social art which is the subject of the "critical theory" perspective (i. e. Professor Rubin's) briefly described in the Forward. In this essay, I will draw on some excerpts from my "neo-modernist" conception and subject it to my own "pragmatic" self-critique which is expanded in the essays to follow. A central theme guiding this effort is my perception of the increasing "utility" and "practicality" of demand revealing as we expand our collective self-awareness and appreciate the preference shaping activities of institutions.

#### An Introduction to THE PRACTICE OF SOCIAL ART.

I start these essays first with a conception of the "social art", largely a neo-modernist one, seeking a place in the contemporary world. I had centered a 1980 book, entitled Demand Revelation and the Provision of Public Goods, around demand revelation and "the information problem". (The introductory chapter of this book is contained in Volume II of this collection). Demand revelation has extremely important properties when individuals have perfect information about their own preferences which they can costly communicate to a central agent. However, I was concerned with what demand revelation brings to the political debate when individuals lack good information about their preferences. How does politics as a "social art" go about helping people discover them?

The 1980 book was my Ph.D. dissertation, to which I added several chapters on "the information problem" as well as ideas for application in the real world. Work on these applications began in 1965 on issues of "governance" affecting "water quality management" institutions. (See the introduction to my 1980 book in Part Two of this collection).

This book, The Practice, extends my earlier work and deals more broadly with institutional architecture, applying the theory of "incentive compatibility" of which demand revealing is a part.

This extension of the earlier work tries to tackle, in particular, the reality that citizens are more than rational, self-interested individuals. Citizens are often motivated by altruism and politics is basically a preference shaping activity and is often ideological in nature, responding to romantic appeals to civic virtue and oftentimes can be irrational. (See Prisching 1996, for example, on "Schumpeter's Irrational Social Choice Theory"). As Fukuyama (1995) also demonstrates. culture and tradition play a dominant role relative to the self interest of "utility maximizing" individuals. What role does demand revealing play in such a world, particularly where the endogenous preference shaping of institutions is of such importance?

I began the latest manifestations of this work in 1991, working with a colleague on aviation management institutions (air traffic control and airports). At the time, I became very interested in a treatment by Albert and Hahnel, entitled The Quiet Revolution in Welfare Economics which was concerned particularly with incentive-compatibility and endogenous preferences and which also stimulated my interest in institutional architecture for the next century and beyond.<sup>(1)</sup>

Robert Heilbroner, who authored the first book, The Worldly Philosophers, on economics I ever read referred to their work in the conclusions of his 1993 book on 21st Century Capitalism, some of the spirit of which is reflected in this work. In a more recent work, Visions of the Future, Heilbroner (1995) essentially writes a modern version of Condorcet's Esquisse which also greatly influences this work. Another recent Heilbroner book (1996) on "writings" of the worldly philosophers, prominently features

Turgot. See Forward.

Struggling with the design of aviation management institutions in the context of works referred to above leads to some form of personal and ideological deconstruction. Some of my early ideas relating to privatization were challenged by readers of the early aviation management work. This fed into experiences I had in working on privatization problems during several years as a "foreign service" economist, before returning in 1988 to the domestic "national service" to continue by previous involvement with "regulatory management" issues.

During the period 1980-95, I devoted a good deal of time considering how "regulatory management" ought to work in the context of American Federalism. Before presenting in any detail in the concluding essay and subsequent work a treatment of how an "incentive-compatible" federalism could be brought about, I would like to put the work in the context of certain reflections on political economy as these relate to incentive-compatible institutions. I start with certain observations about "the practice of social art".

### The Practice of Social Art: The Utopian Mind and Social Reality

This book (a collection of essays) began in late 1987 as an attempt to define "demand revelation" as a process by which people continue to gain freedom, particularly economic freedom, within a framework where people take into account the impacts on other citizens of the exercise of this freedom. This process is also governed by custom, habit and tradition (a sense of temporality). I explore the reconciliation of freedom and temporality from a "pragmatic" perspective throughout the course of these essays in a manner which I hope will become philosophically attractive to the reader. The ideas are closely related to those of Charles Sherover. See [Time, Freedom and the Common Good](#) (1989).

By representatives of the current epoch, demand revelation has been called "impractical" (Rubin, 1993) and even I have labeled in the article to which Rubin refers as "utopian" (Clarke, 1977). Here I try to put the idea in some perspective in the context of a brief treatment of ideology and utopia. To quote Mannheim (1936) (203):

Whenever an idea is labeled utopian, it is usually by a representative of an epoch that has already passed. On the other hand, the exposure of ideologies as illusory ideas, adapted to the present order, is the work generally of representatives of an order of existence which is still in the process of emergence. It is always the dominant group which is in full accord with the existing order that determines what is to be regarded as utopian, while the ascendant group which is in conflict with things as they are that determines what is ideological.

Ricouer (1976, page 177), quoting Mannheim, also refers the latter's illustration of this labeling process in terms of changing views about the concept of freedom. "From the beginning of the 16th century until the end of the 18th, the concept of freedom was a utopian concept. As soon though as the ruling class discovered that the concept had implications concerning the notion of equality, extensions they refused, then their own advocacy of freedom became a way to preserve the social order against those in fact pressing for these extensions".

I discovered Ricouer's essays only recently but it paralleled, if at a much deeper level what I began to treat as definitions of a "social art" in what follows. I trace the birth of social art, aimed at real freedom, to the work of Turgot, Condercet and their followers in 19th century France, who rapidly became consumed in ideological struggles.

At about the time of the French Revolution, and shortly after the death of the Marquis de Condercet and the interpretation of his work by the Ideologues, the social sciences in the Western World have been largely divided into three spheres.<sup>(2)</sup> Two of these -- moral and political economy -- are involved with discovering the nature of human desires and needs and examining the social effects and consequences of these actions and needs. Emerging from those two was a third: that of directing our actions in such a way as to produce "the greatest satisfaction of desire".

This latter part of the science, maintained De Tracy (1801), one of the Ideologues, who built on Condercet's ideas, did not have an appropriate name: "for what is ordinarily called the science of government rarely possessed the goal we have just indicated, and that known under the term social science embraces only a part of the subject." This area generally became known, but not well defined, as the "social art".

For about 200 years, at least in the part of the world that embraced an "architecture of freedom", the social art was practiced aggressively by legislators and the social sciences studied what legislators do. To my mind, the science determined that the result of legislation reflects what people want and the changes in their desires over time. In the rest of the world, there was little opportunity to practice any such art because there was little or no freedom to do so.

In the West and with some exception (the Benthamites in England) and the Utopians in France (Proudhon, Fourier, and St. Simon), the social sciences became less concerned with institutional

architecture in the sense that it would have been pursued during the height of the French Enlightenment (by, for example, Condorcet or his mentor, Turgot). Efforts in the direction of constructing institutions that will "produce the greatest satisfaction of desire" became subordinated to positive, empirical social science (as exemplified, for example, by Comte). During the 19th and 20th centuries, institutional architecture, or social art, as defined in this book, was often denigrated as Utopian. Practitioners of the social art became, in particular, consumed in ideological struggles (witness, for example, Proudhon vs. Bestiat in mid-19th century France) or they became, in the eyes of many, "romantic utopias". However, see Ricouer on the "socialist utopias of Saint Simon and Fourier. In America, the Owenite communities were satirized by Hawthorne and others. I shall revisit these "romantic utopias" in the context of ideology and utopia elsewhere in these essays.

In the struggles between Capitalism and totalitarianism (both Fascism and Communism), such work took second place to the deeper struggles for Freedom itself and in the United States such work was often dismissed as "socialist calculation" and portrayed by intellectuals devoted to preserving the status quo as failing to achieve the greatest satisfaction of desire by reason of the failure of information and incentives in the institutions designed to accomplish this end.

An important exception was the work of the "public choice" school which began in the early 1960s. Buchanan and Tullock (1962) began work on the (economic) theory underlying the design of constitutions. I discovered and was stimulated by the "theoretical forerunners" in a "strict theory of politics" described in note 2 of Buchanan and Tullock, which led me into problems of "methodological individualism" in the provisioning of public goods (Buchanan, 1968) so as to construct the demand revealing process as a means of addressing the fundamental problems of public goods (Clarke, 1971), anticipating also some of the broader difficulties in social choice procedures related to public goods provisioning that were dealt with by later advocates of the process (Tideman and Tullock, 1976).

During a twenty year period between what are known as the revolutions of 1968 and 1989, I began to sense a quiet revolution in the social sciences, or at least in a small branch called "welfare economics". For a good exposition of what this revolution seems to be all about, I refer to Albert and Hahnel, The Quiet Revolution in Welfare Economics. (See footnote 1). During the early 1990's, this book provoked some fundamental questions in my own mind about institutional architecture, in particular the architecture of public economics (and public expenditure and regulation in the United States). As one who pursued the "social art" in spite of a lack of great demand for it, I had largely adopted a paradigm known as "the new institutional economics", largely built around the idea of property rights and their exchange and the modern science of public choice. For a good treatment of how this can become translated into a practical philosophy and practice of the social art of government from the traditional public choice perspective, see Randall Holcombe, The Economic Foundations of Government.

For about 20 years, much of my own work has been set in the public choice, property rights tradition, except that between 1981 and 1983, it began to change. I had struggled for a year during 1977-78 to apply what Albert and Hahnel call "incentive-compatible theory" to real world institutional architecture, creating "a free-market socialism" for the public sector. See Clarke (1980) and the first essay in Part II of this collection (Volume II). I viewed this a greatly superior to bureaucratic socialism, the Leviathan, "or whatever you want to call the overwhelming control of the State over the lives of individuals" (Clarke, 1980, page 32).

I began these essays with a belief that the general sketch set forth in the 1980 book provides the basis for the practice of social art as envisioned in this essay, except that it will require some elaboration and to more squarely confront some ideological conflicts that were skipped or glossed over, or simply ignored, in the earlier work (Clarke, 1980).

One of these conflicts goes to the heart of the property rights paradigm -- that government should address itself to the determination of property rights and then let markets make the desired allocation. Despite the case made by Holcombe (1995) and others, I believe that the allocation of rights should be approached cautiously. As reflected in the discussion of Georgism later the lead essay in Volume I, the objections of the neo-Georgists -- Gaffney (1995) and others -- need to be at least listened to and better heard. In addition, demand revealing theory adds new perspectives to this debate over societal collection of the rent of land and other natural resources (including government privilege).

I was led to the view, partly in coauthoring a paper with Brough and Tideman (1995) that one of the most important steps that can be taken in institutional design is to try to separate "the allocation from the distribution". This also applies to entitlements as well as the exercise of government accorded privileges. Basically, this includes giving people a reasonably stable set of entitlements (to economic security, health and education) and let them make decisions, individually and collectively, about the disposition of those entitlements over a lifetime.

Tied to this is the idea of taking the budgetary obligation of entitlements outside of majoritarian decision procedures (i. e. having Congress decide how much of the Federal pork-barrel each Congressional district is to receive). As stated in the Forward, why not give each jurisdiction a basic entitlement and charge (or credit) the jurisdiction if it spends more or less than the basic entitlement level, adjusting also for interjurisdictional spillovers?

Demand revealing, of course, presents an efficacious way of adjusting for such spillovers and can be readily adapted to majoritarian decision procedures, supplemented by the separation of powers (i. e.

checks and balances) inherent in existing American democratic institutions.

The conflict with majority rule institutions as well as a potential remedy to this conflict, also further elaborated in later essays (chapters), is introduced in the remainder of this essay, in a brief discussion of incentive compatibility under a heading: "The Utopian Mind, Incentive Compatibility and the Present Reality". A simple example of how the demand revealing process can be practically used in adjusting for spillovers also appears in this section.

## The Utopian Mind, Incentive Compatibility, and the Present Reality

A satisfying institutional architecture requires a "vision", and the vision can often be in conflict with the present reality. We have been at least 500 years in the making of an Utopian vision and my prospective (yet unwritten) three part work represents an attempt to synthesize or marry the Utopian vision with the architecture of present day public finance and regulation in the United States. It presents, for purposes of social discourse, a new architecture that can move us towards, rather than away from, social goals -- for example, liberty, equality, and the pursuit of happiness. It also presents a path towards development of the new architecture in other societies in ways that can lead towards a more harmonious social order.

In this essay, I describe the process as if there were no "memory" concerning the evolution of American political institutions, other than a brief discussion on the philosophy of Henry George. I discuss my ideas generally with respect to government and turn to American institutions in an essay in Volume I of the Practice (see below), entitled "Road From Richmond: Confessions of A Geoist".

As stated above, the work represents an extension of ideas presented in Clarke (1980). That work explained the development of what has become known as the theory of "incentive compatibility". This theory presented a means by which the preferences of individuals (or social units) could be taken into account, when the behavior of one individual or unit will have (external) effects on another.

The basic principle of the demand revealing process is that each person (or unit) is given the choice of accepting the decision that would be made without his participation or changing the decision to whatever he wants, upon paying an amount of money equal to the net costs of doing what he wants rather than what would otherwise be done. This process comes extremely close to the "ideal of guaranteeing that collective decisions will be made efficiently" (Tideman, 1977). This is because each individual has an incentive to make a truthful statement of his or her preferences.

My efforts to apply demand revealing in the real world started in earnest around 1976 in an article contained in a special issue of Public Choice (1977) devoted to demand revealing. (I include it in Part

Two of this collection). I discussed the techniques of persuasion ("selling the idea"), the ethical justification for the idea, and an outline of how it might be applied through techniques of representation. I used a somewhat Utopian style -- a "parable" which assumed that by "some magic process" the demand revealing process was made applicable to all social choice in our nation. I further developed many of the ideas (though not the representative form) in a subsequent book (Clarke, 1980) and in some proposals for practical application in such areas as management of the environment, information technology and aviation. Except in these practical applications, I left aside in Clarke, 1980 how you marry use of the process to a society that uses majoritarian voting institutions for general public resource allocation by way of taxes, subsidies or other regulatory forms. In this book, I deal with the problem of marrying demand revealing to majority rule institutions as a means of practicing "utopian realism" or even "concretizing utopia".

I also adopt a principle of social justice which reflects the neo-Georgian perspective of Tideman and others. This principle is that society should collect the rent from land, natural resources, and entitlements made available by government privilege. This principle is particularly important in the realm of transportation (or mobility) policy as will be elaborated in this volume, again with reference to demand revealing institutions. I elaborate on this approach in each of the following essays in this collection.

This somewhat new perspective grows out of work in the late 1980s and early 1990s where I have focused on the area of aviation management (basically the allocation of resources to airspace management, airport development and the allocation of airport landing rights) where I believed that the idea can have productive application. The basic technique that is used was developed with Drs. Brough and Tideman in a recent article on "Airport Congestion and Noise" and is here elaborated in terms of (a.) the public budgeting of several billion dollars annually to transportation infrastructure and (b.) dealing with associated "regulatory management" problems. I have in fact established a prototype approach to budgeting transportation dollars at the state and regional level once Congress has determined the broad allocations for these purposes. I show how such an approach, which might be experimented with first in the allocation of about one billion dollars in a transportation "discretionary" account might be used more broadly in a new approach for developing (incentive-compatible) "performance partnerships" and in "reinventing" fiscal federalism (using the parlance of the Vice-President's National Performance Review). This approach is laid out in what now constitutes the use of incentive compatible design in mobility policy (i. e. transportation, communications) in the several essays which follow.

In terms of the broad outlines of this work, I consider the approach as an approach to public administration in the spirit of Turgot's "Memoire sur les municipalities" or Condorcet's later "Projet Girondin", two rather famous attempts at decentralization in a "state" engulfed by the exercise of privilege and political exploitation. If the spirit of this and the incentive compatible methods used to realize the goals strikes one as bringing excessive coordination to public administration, let me note that the "Projet Girondin" was praised in an important footnote in Hayek's Constitution of Liberty. (footnote and elaborate here)



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## Reflections on Contemporary Political Economy (Volume II):

The relationship of these essays to Volume II of the Practice reflects a division between the more "holistic" and "subjectivist" thinking that pervades much of heterodox economics vs. the neo-classical approach, which also reflects the classical-romantic divide in art and political theory. Years ago, public choice sought to take the romance out of politics and before I attempt to put some of it back in (particularly in what follows in volume I), I note that I continue to follow (in Volume II) a strict, rational social choice theory approach, except where the "subjectivist" or "romantic" element is otherwise noted.

The more philosophical essays here in Volume I are basically a set of reflections on contemporary social and political economy -- on modernity, if you will. The work has two dimensions which track the two divisions of this collection of essays. One of these directions takes a general perception of "what is" that many people could commonly accept and fashions a "program" (called here "a general progress program") that I believe a large proportion of the populace would find attractive. (Give Internet site reference to "The General Progress Program) [www2.hawaii.edu/~conlan/progress/html/](http://www2.hawaii.edu/~conlan/progress/html/))

Nevertheless, by following a "strict theory of politics" (rational or public choice), the work is subject to the criticisms advanced by Rubin and many others.

The collection of essays here in Volume I addresses many of the problems advanced by these critics by presenting my "optimistic" theory in a broader, if highly personalized, social theory dimension. As noted in the Forward, I was advised in the late Fall of 1996, by an adopted mentor to sharply circumscribe the content of this more normative work, much as I was to do in my 1980 book. There both Parts largely followed the "strict theory" but Part II was much more normative in content.

The section to follow is under development. I am consulting with persons whose work is used or am substantially rewriting it. As with some of the material in this collection, disseminating may have to await the conclusions of my formal participation in "the national service".

The Practice of Social Art (One-- continued)

This section of the essay is in process.

My method for putting my social philosophy in some context might be best capsulized by the outline of an eventual book on the Practice of Social Art. It was anticipated to be a short 120 page (60,000 word) book, colored in "Red, White and Blue" with the following table of contents:

## Contents

### THE PRACTICE OF SOCIAL ART (PSA)

Forward

Part I: "Red"

- (1) The Practice of Social Art
- (2) Waiting for Turgot

Part II: "White"

- (3) L'An 2440: View from A Phalanstery
- (4) View from Port-au-Prince (1987)
- (5) View from the Red Brick Building (1997)

### Part III: "Blue"

(6) A Political Economy of Memory and Hope

(7) Epilogue: "L'An 2001"

Approximate length -- 60,000 words (120 pages)

In this book (PSA), I lay out the content of an approach to ethics and political economy which is not original with me but has its roots in Ackerman's Social Justice and several papers by T. N. Tideman. I look at a world, from the vantage point of a community, some 500 years hence which has been increasingly governed by the principles that Tideman elaborates -- the principles, to me, being translated into the famous Jacksonian political slogan of "equal rights for all, special privilege for none", so as to define equal rights as equal shares in common resources -- that is, in land, natural resources, and the rents from the exercise of special privilege accorded by government. In my futuristic fantasy or phalanstery, I simply speculate, much as did Dr. Leete in Looking Backward on how we get from where we are to where we want to go. Just as current historiography (Norman Chomsky's 501 looks at 501 years of a world dominated by "might makes right"), this futurist exercise looks at the promise of a world that begins to be governed by the principles of two great figures -- Jefferson and George -- who brought exceedingly important principles to bear on political and economic thought late in the 18th and 19th centuries. The ideas are laid out in "L'An 2440: View From A Phalanstery", which refers also to the title of Louis Mercier's 1767 book.

Basically, this describes a "community" in a world that is governed by principles of social justice, enunciated for example in Ackerman's book, also entitled Social Justice and where governance (in terms of the coordination of world affairs) is subject to a combination of liberal discourse and incentive compatible or demand revealing mechanisms. It describes, as best one could reasonably contemplate at this point in time, a "first best" approach towards realizing a "heavenly paradise" of social governance on the earth.

A second view is closer to a "second best" solution where "Power Talk" is subject to the discipline of liberal discourse and incentive-compatible mechanisms in the shaping of democratic institutions in the

United States. This second view elaborates on American historiography concerning what the world would have looked like if the Jeffersonian and Georgist principles espoused here, along with liberal discourse and incentive compatibility, had been operative to a greater extent during the last two hundred years.

I look in particular at the resolution of political conflict in a developing country, consumed by ideological conflict over banking and credit, tariffs, land and slavery. I suggest how simple demand revealing institutions, superimposed, or evolving from a concept (and principles) of social justice described in the next section, could have better resolved at least some of these conflicts. In many respects, it is an adaptation of Calhoun's concurrent majorities, using demand revealing principles. Since the ideas were being developed in Port-au-Prince Haiti around 1987, I also show how the principles in Chapters 3 and 4 (of PSA) could help to fashion better relations between developed/developing countries like the U. S. and Haiti in a mutually beneficial, but non-exploitative, fashion for both. More particularly, it focuses on the plight of the poorest countries and how the remedies proposed herein could work towards the common good if these nations could ever escape from the worst excesses of corruption, kleptocracy, and violent suppression of the many by the few who ride at the top of Edward Bellamy's "prodigious coach" (See preface).

Finally, in the concluding Chapter 5 of my PSA outline, I outline much that is contained in the concluding (fourth) essay here -- a view from the "here and now" which also reflects the "third best" which takes better account of existing power relations in society. Despite constraints, there are strong advantages in orienting our own federalism, particularly with respect to intergovernmental expenditures and regulation, in a manner governed by incentive-compatible, demand revealing lines. I give special emphasis to a pragmatic-liberal approach which looks at government vis-a-vis major categories of expenditure in such areas as transportation and the environment and education and health. This builds upon ideas that I developed in work published between 1977-80 involving demand revealing governance and entitlements. Here I further elaborate and show how it fits into the larger picture set forth in Chapters 3 and 4 of my PSA outline.

Finally, in the last part of PSA (Blue), I elaborate on the philosophy which is also about self and society. The work has been developed from a "deconstructionist" perspective and this concluding part is much more normative and personal where "the narrative" constitutes the real matrix of this work. As part of this "narrative", I develop a method which responds to both the challenges and consequences of modernity (see Giddens, 1990). Giddens calls it "utopian realism". The approach constitutes Chapter 6 of PSA, where I seek to define utopian realism in global and American institutions, drawing largely from the two essays which follow.

In early 1996, I am in the process of completing Part I of the book (Red), and Chapter 1 and the Forward is largely finished with Chapter 2 roughly scheduled for completion in draft by the end of 1995. Much of this material (from Chapters 1 and 2) is also presented in the first essay. The following two essays pick up much of the material that will be contained in Chapter 6 and which is concerned with the philosophy

and political economy of memory (where we have been) and hope (where we want to go). The concluding essay returns to the "white" of the here and now.

At this point in the development of the work, I have not dealt with many problems in the current political order and the methods by which demand revealing institutions address them, nor with many criticisms of demand revealing, including lack of an ethical justification. This is what is being developed in Part II of PSA, and some of it is captured or at least foreshadowed in the following section of this essay -- entitled "Waiting for Turgot". The portion of that chapter that has been written for public consumption at least, leads to the development of several chapters concerned with fiscal federalism and enterprise (aviation) management summarized in these essays and further elaborated in other work under development.

Readers must of course judge how well it comports with present reality. Since many criticisms of demand revealing are implicitly criticisms of the way we go about taxing and making public expenditure decisions, it would be unfair to level criticisms that demand revealing sometimes may lead to results that are not "individually rational". These and other criticisms, following the work of Tideman (1985) and others, are presented in Chapter 3 of the PSA. Also in a world of changing tastes and technologies, and where institutions influence preferences, many strengths of demand revealing may tend to be ignored, a basic message imparted by Albert and Hahnel (1990) and which will be elaborated at some length in Chapter 4 of the PSA, also in a comparative institutions perspective. Lest these approaches to persuasion appear too abstract to those of a more "practical" persuasion, Chapter 5 seeks to persuade solely on the basis of the present reality, and upon which Book II (The Political Economy of Mobility) is largely premised. It points to reforms that could be undertaken in the period of a few (five years) rather than speculating on means and ends during the next 50 or 500 years. (The more speculative approach, based on a philosophy of hope and memory, is elaborated in Chapters 3 and 4 of the PSA).

A central idea set forth in the Practice (PSA) is analogous to Turgot's "Memorie", the most important features of which involved a program of education, administrative decentralization and (land) tax reform (see K. Baker 202-14). The administrative reforms took place gradually at the same time that the involvement of citizens in their government, patterned as a constitutional monarchy (along the lines envisioned by D'Argenson), grew.

In the America of today, I try to show how administrative decentralization and citizen involvement can be gradually brought together, in a manner that also features education as an important "national" purpose -- it is an education over a lifetime, not only for the world of work, but also for a lifetime of citizen involvement and the development of citizen republican virtues. It is built upon the Education and Training Investment Program which I advanced in 1972 and was subsequently developed in Clarke (1980) in relation to the use of the demand revealing process as a means of ensuring efficiency and equality in public expenditure.

With respect to administrative decentralization, I move, as did Turgot, down two layers in what he envisioned as four layers of a Federal structure -- in my case today, this would be to the American government's ten administrative (or nine census) regions and the States. States, in the context of their constitutions and legal structures have the responsibility for dealing with how to best complete the process of administrative/legal reform. The process is advanced as a "practical" means of marrying demand revealing processes to majoritarian and federalist institutions.[\(3\)](#)

In what follows, I present a very simplistic approach to dealing with some important Federalism dilemmas gripping Washington during late 1995. I think these are potentially important and practical first steps towards civil society and civic virtue, even though they would be attacked as doing both too little and too much. Let me present the notions and then deal with the criticisms.

Note: Two New Sections Will Be Inserted Here -- entitled "Reality Bytes: My (Edward Coverdale's) Conversation With The Candidate (Christmas, 2000)", preceded by "Ending Privilege and Political Exploitation: Borrowings From and Conversations With Tideman (Tax Day, 1996).

I start with the conversations/borrowings on Tax Day, 1996. (I adopt here the nonindented paragraphs as part of the form adopted in the following two essays), hoping that after a real conversation, I can rewrite and then nonindent simply indent the following paragraphs.

For years, I have been intrigued with, and gradually came to integrate in my mind, an approach to "Social Justice", developed by Tideman, who has spelled it out in several published and unpublished papers, including a brief proposal for a book, entitled:

"Ending Privilege and Political Exploitation"

In the unpublished book proposal sent me around 1990?, Tideman starts with the basic Georgist and Wicksellian principles of public finance, which came to light late in the last Century, and have intrigued political economists ever since. These are (1.) land value taxation -- in the sense of having citizens pay an annual rental for the land and natural resources they use as well as their use of government privilege (monopoly). In addition, governments (2.) undertake public expenditures only upon approval that is as "nearly" unanimous as possible and (3.) individual citizens who engender costs ought to be charged with these costs, so that they will be motivated to economize on the cost-causing activities. Tideman demonstrates how these principles can be woven together into an attractive vision of Social Justice,

comparing and contrasting his vision with those of Rawls (1971), Nozick (1974), Ackerman (1980) and Walzer (1983). Tideman's philosophy, elaborated in several recent papers, clearly fits into a liberal theory of Justice which is quite close to Ackerman's, except that it says much more to specify the specific changes implied by the framework.

Author's aside; (among many to be suppressed in the essays as they develop). I start with the three (visionary?) principles of social justice (public finance?) that I have largely borrowed from Nicolaus Tideman (in his proposal for a book that he proposed to write at an Institute for Advanced Study at a large (my undergraduate) eastern university several years ago. (As a graduate of the University, I was sorry he did not receive the award from the Institute as it would have made my job here easier). As I recount later, another proposal, more directly related to demand revealing was turned down by the Washington bureaucracy. I recall two Nobel Prize winners observing some gaps in my education in these various places as reflecting the "bankruptcy of the Eastern Liberal Establishment"). Perhaps he should reapply, or maybe rich Princetonians could fund "Hope Fellowships" to complement the "Hope Scholarships" that the President recently unveiled at the 1996 Princeton University Commencement. In any case, I am encouraging him to write the book, and have it further developed by herestheticians/journalists of varying stripes, myself included. One would hope that the "retailing" of the ideas does not distort "social mathematics" as Bebeuf's journalism once distorted Condercet's mathematics (See Billington, 1979). In the meantime, Appendix 3 (under development) is intended to provide a brief review of these ideas and link them to the points of view set forth in both Volume I and II of my essays.

In brief, I envision a process of reform based on these and like ideas, including their integration with demand revealing processes. They could diverge in unanticipated directions -- for example as illustrated in the works of those who followed Gronlund et. al. (Bellamy was a journalistic follower) as opposed to George. What I mean by this is that ones basic principles can be translated into specific political/policy proposals (like my aviation governance institutions) and even fictionalized like Bellamy's Looking Backward fictionalization of Gronlund's The Cooperative Commonwealth (1884). (Despite Bellamy's denial that he had any literary inspiration, Shurter (1996) has shown the book was inspired by at least three predecessor books and "as a matter of fact, Looking Backward is actually a fictionalized version of The Cooperative Commonwealth and little more" (Shurter, p. 177). See my observations about borrowings and plagerisms in the following two, private, essays).

Tideman's proposal was intended to weave together several principles he has advanced in his papers, most notably the basic Georgian principle (George, 1879) that "because no one made land and natural resources, no one can respectably claim to own them". Therefore, "those who use the resources must be required to pay into the public treasury an annual fee equal to the value of what they receive".

"A second principle, advanced by numerous economists, and most notably by Knit Wicksell, is that public expenditures should be undertaken only by approval that is as nearly unanimous as possible. A third principle, subscribed to by almost all economists, is that individuals who undertake activities that engender costs ought to be charged with those costs, so that they will be motivated to economize appropriately on the cost-causing activities."

Elsewhere in these essays, I have elaborated on Tideman's perspective, and with his permission, have borrowed liberally on his proposal and papers in the course of these essays. For the time being, and with his permission?, I have included a synopsis of the 4 page book proposal as Appendix C to these essays. A key element of Dr. Tideman's thesis is that the formality with which appropriate procedures to implement the principles are insitutionalized increases with the scope of the political unit involved. To quote Tideman (p. 2 -- appendix 2):

"For local political decisions, privilege and political exploitation of fellow citizens have little salience, because dissatisfied citizens can go elsewhere. Land value taxation, free trade, Wicksellian approval procedures and user fees corresponding to marginal costs may be attractive components of a local political order, but they cannot be described as compulsory as long as no one is described or exploited. As the scale of the political order grows, the possibility of depriving or exploiting one's fellow citizens increases, and it becomes more and more essential to use the forms of organization that are objectively fair and efficient. Thus, the book will offer a "recommended local order, a "strongly suggested" national order and a "required" world order.

For several (about six) years, I struggled with this conception, further elaborated in a summary of these ideas by the Earth Rights Institute and others at Appendix C. As I acknowledge elsewhere, I began to put it into application everywhere except with respect to the land (and land titles), except in the case of certain transportation infrastructure. (See my third essay, containing my "Confessions of A Tertium Quid". I did resolve the conflicts to a sufficient degree that I was able to publish an article around 1995 (with Tideman and Brough) on the subject of airport slots (congestion and noise) and have done much during the period 1990-96 in the area of aviation governance (budgeting the air traffic control system, for example). I develop here in the essays the application to the regulation of air quality, including worldwide air quality (global warming) problems. Again, I have borrowed heavily from Tideman, in published and unpublished papers.

Page 4 of Tideman's book proposal describes the application of the principles to global problems (population, global warming). Elsewhere, he operationalizes the principles via an incentive compatible mechanism (called "compensated incentive compatibility"). This is the mechanism contained in four



equations and a brief discussion in Brough, Clarke and Tideman, 1995 and which has been elaborated in articles and unpublished proposals by Tideman since 1976. I illustrate it below in allocating funds for transportation projects in the form of "A Limited Fund Mechanism" for transportation projects later in this essay. I also briefly develop the idea for the regulation of air quality (and global pollution problems) in my third essay, "Road From Richmond".

Let me speculate here, however, on the probable risk (to a heresthetician) of exposing my ardent adherence to these principles, including the first, in one of my imaginary conversations (circa 2000).

Conversation With The Candidate (Christmas, 2000) -- nonindented section.

The conversation is about taxes, spending, making "everyman" a "national budget" Director, Federalism, privatization, education and health financing -- all the "new paradigm" issues (Pinkerton, 1995) -- in the form of a dialogue with the recently elected candidate. His coalition partner, Stuart Mill, convincingly explained to him that if the election had been carried out 100 years from now with a variant of demand revealing voting (2100), Mill would have been elected President. (The popular vote was 36, 34 and 30 percent for candidates X, Y and Z and the election was decided in the House). X and Z (Mill) have elected X with Z as Veep through a coalition vote in the House. There has not been so much bad feeling in the country since Tilden was unseated. In any case, Lotus (the new S. Service code name for the newly elected President) is interviewing your protagonist, at the behest of the new Veep, for a possible appointment in the new Coalition administration.

We get down to Federalism, following a lengthy discussion of social insurance, including education reform. I give him several (three) pages of "power point". To start the process, every citizen in the United States basically has a \$1,000 (per capita) entitlement equivalent to the \$250 billion in annual per capita intergovernmental expenditures. I refer to a chart, entitled "the making of social millionaires", presented on pages 166-67 of my 1980 book (which focused on both Federal, as well as State and local expenditures), one could conceive of this entitlement over a lifetime -- eventually it could be institution, community, and individual based -- much as are educational entitlements in the United States today are both institution and individual (student) based.

The (Coalition) Candidate has been warned that I appear to be ardent neo-Georgist and that is heavy baggage for someone seeking a political appointment. The risks are particularly heavy for the position of Assistant Secretary of Aviation Policy in the DOT, so the decision has boiled down to PAD (Program Associate Director) for General Government in OMB or Director of some IRM office coordination strategic planning and budgeting for computer (information resource management) expenditure. (It is quite rare for a newly elected (appointed) President to make personnel selections at this level of the BOS as opposed to the POS). However, the appointments process has become contentious, and potentially damaging to the functioning of the coalition government. In the current environment, Even an education finance policy appointment has been ruled out, although the Candidate presses a number of questions about equalization of educational expenditure during the coming millenium.

Note: What follows is a conversation, one of several interspersed through these essays, including one between Turgot and Condercet and including an imaginary legislator (circa 1775) which is developed in the Philosophy of Hope (next essay). Then there is a more fully developed conversation with the Candidate, partly excerpted here in the third essay -- Philosophy of Memory. The concluding essay, A Via Media Between Memory and Hope, builds upon several conversations between three characters moving about the Northeast Transportation Corridor in the year 2100.

The following elaborate on the conclusion of the conversation with the candidate when he asks that I spell out in more detail the characteristics of the "limited fund mechanism" for regional transportation budgeting which he is going to bring up with the new OMB Director (yet unnamed or confirmed and who would have to be consulted about any appointment to an OMB position).

Now I return to the public portion of the essay describing what I would try to put in "power point" at the behest of Lotus (for his new OMB Director). I borrow from the power point personation put together in November, 1996 for the Southern Economics Association in a weirdly entitled paper called "Incentive Compatible resource Allocation: An Application to 'Distributive' Federal Programs". The paper briefly described my 1981-82 Limited Fund Mechanism for "Superfund" allocations and poses the question whether the mechanism is "ready" for prime time.

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My friend and colleague, Shevek, is currently writing a book on "transformational leadership". I find myself giving her advice on epistemological questions and postmodern style (i. e. putting more of your identity into the lessons you are teaching). I waited until the writing of this portion of the essay to try to communicate my most fundamental concern about the literature on transformational leadership in that it had become too idealized, too "goody-goody" and expressive of the desires of leaders rather than the desires of people who would otherwise choose to follow (not necessarily a criticism of her work, which is still in its formative stages). I am also soliciting her help in reconciling the treatment of demand revealing budgeting systems (in the "management information systems literature" with the criticisms of those who have criticized the approach (in the MIS literature) from an organizational development perspective. In any case, I'll add Shevek to my next distribution, the number of persons receiving it still being less than the fingers on my two hands, and who, along with my family, numbering actually twelve rather diverse people.

I now return to Professor Rubin's critique of public choice (1991, 1993) and its optimistic strand (demand revealing) which has led me into a broader discourse than I had originally planned. I believed that, in

fact, I could make an important contribution to his alternative theory of "comprehensive rationality" (Rubin, 1991) which explains political behavior in terms of legislators' (read leaders') professed motivations, "including their idealistic and professional concerns".

It is in this arena of "comprehensive rationality" that I seek to most directly address the subject matter suggested in the title of this essay -- the Practice of Social Art. I turn, in fact, to the "Art of Leadership". As Rost (1993) has shown, this is a vast area, where much of the writing is ill-defined, even in terms of defining it (i. e. telling the reader what leadership is).

I am personally striving to give some "intellectual leadership" (Burns, 1978) to the processes of governmental design in the next century which embodies public choice thinking but also goes beyond public choice in the sense that Rubin (1991, 1993) has suggested in his treatment of comprehensive rationality. The essays reflect my thinking also on the original challenge put forth by Buchanan (see Clarke, 1977) regarding the effort to develop an ethical framework for the use of demand revealing processes, acknowledging that "utilitarian ethics" (as posed by Clarke, 1977 and other proponents of these processes) is perhaps not a very satisfactory framework.

I then pick up on the challenge posed by Rubin concerning "the romantic notion posed by civic republicans that both voters and legislators are, or can be, motivated by public spirit rather than self interest, and that they can effectuate their desires through rational discourse rather than strategic, self maximizing behavior" (Rubin, 1993). This is to my mind basically the reconstruction of leadership -- "a reconstruction of our understanding as leaders and followers of the concept of civic virtue, the elemental notion that all our goods as individuals and groups are bound up with the public interest." (Rost, 1993).

This reaches into moral philosophy -- the ethics of leadership. As Rost has stated: "Applying the notion of civic virtue to the problem at hand -- the ethics of the content of leadership -- I think it becomes clear that making ethical judgements about proposed changes involves leaders and followers in more than the ethics of personal responsibility. An ethical framework of leadership cuts to the core of what the common good is because in proposing changes in organization and societies, leaders and followers are dealing not only with their individual interests mutually accommodate but also with the public interest mutually developed; not only with their own goods mutually attained but also with the common good mutually integrated into their individual goods; not only with their own private purposes mutually pursued but also with the community purpose mutually transformed" (Rost, 1993, 176). As Rost further shows, this reaches deeply into the social ecology of organizations and societies, where rational analysis and normative/ethical values are intermixed, where left-brain (analysis) and right brain (intuitive) thinking become intermixed, and where the art of "intellectual leadership" (Burns, 1978) starts to set the stage for more than just mutual accommodation of interests.

I start, however, with the premise (as did our Constitutional forefathers, that we need to devote primary attention to the design of institutions that will better accommodate mutual interests. This lies behind the emphasis in this essay on procedures like the "limited fund mechanism". I try to show how we can better allocate in an efficient, equitable and distributionally stable way (see, for example Tideman, 1977 on the ethical integration of these criteria) public resources through what amount to incentive-compatible public enterprises (see the essay in Volume II anthology on demand revealing governance of enterprise). This amounts to procedures like those described here for allocation of transportation funds with the means of running enterprises like the FAA and the "public" airport system in a way that accommodates both sectional and particular interests. Leaders (including mostly legislators) are freed from many of the temptations to pursue pork barrel spending or other manifestations of political exploitation and to focus more of their energies on moral leadership.

The question of pursuit of the common good, of course, raises seeming difficulties for the demand revealing process (see Margolis, 1983, and my observations at footnote 1 on "endogenous preference shaping" in institutions. (I also intend to add Margolis to a future distribution list). As I have observed almost continually in the course of these essays, progress on advancing the views presented in these essays has been greatly hindered by perceived defects of the procedure when people are in fact pursuing the common good (Margolis, 1983) or when we open the process to exploitation in the playing of "zero sum games" (Riker, 1979). (See my concluding essay on "demand revealing reconsidered" regarding my response and those of others to these criticisms).

But even with these perceived difficulties reasonably set aside (by, for example, redefining our goals as pursuing something different from the Pareto criterion -- see Tideman, for example, on Margolis' criticisms), I want to reach to the main issue posed essentially by Rubin -- the question whether real political actors (leaders and followers) will be motivated to adopt incentive compatible methods of social decision making in the foreseeable future. In relation to this question, I again reach into the literature on leadership -- more specifically O'Toole's Leading Change (1995) to respond to this question.

The answer, as illustrated by "conversations with the Candidate" ( see essay 4) is probably a qualified "no", except in the somewhat limited contexts that I develop in these essays -- perhaps interagency MIS and telecommunications budgeting and the successful "corporatization" of the Federal Aviation Administration and the nation's airport system. This is a question also about long horizons -- beyond the next 5 to 10 years, the moral vision developed in my particularized incentive-compatible application of Ackerman-Tideman "liberal theory" will probably take a generation or more (if it ever begins to be realized or perhaps becomes supplanted in the manner described in Shevek's and Coverdale's conversation with Dr. Leete more than 100 years from now), which is certainly understandable in terms of O'Toole's development of ideological resistances and the fact that "progressives never have their ideas implemented in their lifetimes" (O'Toole, 1995).

This does not detract me, however, from my "utopian-real" desires or from the constant striving towards translating these desires into political action. In the manner expressed in the following two essays, I am striving to avoid arrogance, hubris, and the striving of the would be "intellectual leader" to translate merely his or her own desires into action, recognizing also the nature of the interaction with other modes of leadership (for example, reform leadership). Nor do I want to end up as the "lost soul" so eloquently portrayed in the quote from William James in the conclusion to the Forward. I will now turn in the next two essays to the ethical dimension, so as to try to begin to demonstrate how in "the practice of everyday life" one achieves a balanced and temperate expression of one's views in the process of "leading change", in the fostering of civic virtue and the pursuit of a moral life through moral philosophy.

I express this evolving moral philosophy in the next two essays, centering on "a philosophy of hope" and "a philosophy of memory" These are followed by a return to the Practice in the two concluding essays (in Part One) on "An American Romance" (as a middle way between hope and memory) and "From Romance to Reality: The Practice of Everyday Life" which also serves as an introduction to the more particularistic work gathered together in the second volume of these essays (On Demand Revealing Processes).

Let me conclude here, and start my excursion into moral philosophy with a short confession. (They get longer in the two following essays). For one who wishes to engage others in the "active pedagogy of liberty" (a French Enlightenment notion), I spent much of a lifetime not applying this pedagogy to myself. I took what might be called the Easy way (indolence), supplemented by a very "rationalist" view of the world. I get at it a bit in my conclusion to the 1977 essay (See Volume II), in an implied criticism of Adam Smith which I then too readily dismiss in saying that reform is not the job of moral philosophy.

There is, for example, little room (or need) for leadership for one who takes the Easy Way. This is easily seen by those who try to read my first book. In writing this book, I spent a year investigating "the information problem" during a year when J. M. Burns also finished his masterpiece on leadership. I ignored leadership for another 15 years, until the question was thrust upon me by Br. B, Mr. C and Professor Rubin. It does not really fit into "rationalistic" solutions to incentive compatible problems deriving from asymmetries of information.

I made some inroads in understanding the problem during the year that I prepared the 1980 book (see the essay in volume II which is the introduction to the 1980 book). I did develop some useful notions (I thought) about the flow of information (from leaders to followers; elites to masses) and attempted to develop this into an approach to implementing demand revealing theory in a way that would have

practical application. It was not successful (see reviews of this book by Margolis, Cox and Holcombe and my "demand revealing reconsidered" -- See Volume II).

Despite good teachers during my year of study at the Smithsonian (Olson, Long), I had a very naive understanding of political and moral theory. I had been given some guidance (by both Olson and Long) which was to read Weldon's Vocabulary of Politics and to organize my work around "puzzle solving, surmounting difficulties and problem solving". (see "Some Aspects of the Demand Revealing Process" in Volume II).

In retrospect, I think that book (at both the puzzle solving and surmounting difficulties stage) takes too many things as givens. Perhaps the most fundamental is that expressed in Professor Rubin's November, 1995 letter which is elaborated in the Forward. it is about resistances to change (custom, habit, tradition) deriving from the "Ideology of Comfort" (O'Toole, 1993).

In everyday life, I think we fundamentally lose sight of how powerful this ideological force really is. It is the job of leaders and "change agents" to help get us around the problem. (This is what the vast literature and activity of "transformational leadership" is all about).

I have experienced this problem profoundly at a personal level -- being hidebound for most of my active life by this "ideology of Comfort". Until about two years ago, until I began to develop these essays, I had spent most of my active life trying to change everybody (their institutions, that is) so as to have a maximum "beneficial" impact on them and a minimal adverse impact upon myself. (A colleague exposed this tenancy early in my working life in the context of my early intrusions into mobility policy, the fostering of your travel via rapid transit and bicycles). I was imprisoned in a heavily materialistic world that had been somewhat shaken by the events of the late 1960's but, as a result, had done very little to question some of my fundamental assumptions. It is the nature of this questioning and reevaluation to which I now turn.

A friend, Dr. C, finds all this summarized in the life of his favorite cartoon character, Shoe. For about 20 years, I had been Shoe(less). I was surrounded by piles of papers (about implementing demand revealing) and what mostly came out of it was a set of exclamation points (reveling in the genius produced by the product of my rationalistic assumptions). Now what comes out of it, I hope, is more like a set of question marks, which is more the product of the "reflexive modernity" (including humility) I seek to foster. This is a moral re(evolution) of some interest to me, I hope it will also be of interest to others.

Heavily influenced by intellectual events of the last 30 years, my own belief (ideological) system had been heavily shaken. In part, I retreated into the belief system that provided an "Ideology of Comfort -- neo-classical economics (NCE) and public choice (PC), although some of these persuasions may conclude that my 30 years of practice have left me Shoeless during a 30 year hiatus. I believe, however, that I've emerged from it as a better person who can give some better meaning to the Practice of public choice, particularly to the "optimistic" strand which Professor Rubin has focused some attention. In any case, I will turn to the challenge ahead in the two following essays, attempting to show how the lessons of "endogenous public choice" scholarship and intellectual activity (both in an analytical and moral dimension) can translate into intellectual leadership and eventually into transformational leadership -- from intended changes which incorporate our common, evolving perceptions of mutual accommodation and the common good and actual changes consistent with these definitions of "the good". Fundamentally, they can contribute to the mitigation of the adverse effects of privilege and political exploitation, laying the basis for a rebirth of civic virtue -- the romantic notion that leaders and followers can be better motivated by public spirit rather than narrow self-interest, effectuating their desires through rational and intuitive discourse and (social processes) rather than simply through strategic, self-maximizing behavior. This is basically the goal of my rendition of an approach to "comprehensive rationality" as originally defined by Rubin in his 1991 essay that hopefully lays a better basis for going "Beyond Public Choice".

[TOC](tabcont.html)

[Continue](geo34.html)

1. <sup>1</sup> Albert and Hahnel see demand revealing and incentive compatible mechanisms as a way of reflecting social preferences when there are differences between what individuals or groups regard as good for society.

Margolis (1983) had first argued that people voting under the demand revealing process would express largely their feelings about what is good for society rather than their selfish interests. As a result, the outcome of a demand revealing voting process could not be described as a point of optimality, say as described by Samuelson (1954). Tideman (1983) responded that in a world where people care about each other, we should define optimal provision of a public good not in terms of a summation of selfish interests but rather in terms of balancing willingness to pay for increases and decreases in the level of provision of the public good. Albert and Hahnel (1990) extend this in the context of endogenous preference shaping and the comparative analysis of institutions. I elaborate on this theme throughout these essays and particularly in the concluding essay, entitled "demand revealing reconsidered".

2. <sup>2</sup> For a description of how the work of what many believe to be the world's greatest futurist, Condercet, was translated by the ideologues into such a threefold division, see K. Baker, Condercet: From Natural Philosopher to Social Mathematician University of Chicago Press, 1975, particularly Appendix B, "A Note on the Early Uses of the Term 'Social Science'."

3. <sup>3</sup> In the Forward, I mention Rubin's two examples (see Footnote 44 of Rubin's 1993 Review) of the optimistic strand of public choice -- including the notion that public expenditures to serve citizens in West Virginia might be better collected from citizens in Oklahoma rather than the U. S. citizenry at large. The latter example is drawn from Buchanan and Tullock, 1992. What is proposed here is to encourage "savings" of a roughly equal entitlement by citizens in Oklahoma where they are credited for extra expenditures by citizens in West Virginia less any "benefits received" from the expenditures by the latter. The demand revealing process provides a means of accounting for these interjurisdictional externalities. I argue that the two ideas used in tandem are not so farfetched, but are rather practicable. They attack directly the problems analyzed by pessimistic strand of public choice (i. e. those analyzing pork barrel spending). For an excellent example of voting rules designed to bring pork barrel spending and entitlements under control, see Groves, 1993 (proposal to require that expenditure increases be put with explicit tax increases).