

Report on the PhD thesis of Benedykt Olszewski 'The Impact of Interest Groups on political processes: a public choice approach.'

It has been a privilege and a pleasure to be able to examine Mr Olszewski's dissertation dealing with public choice theory as advanced primarily by J.H. Buchanan. It has been rewarding to read it since it has helped clarify for me several aspects of Buchanan's ideas and public choice thinking in general. It has been of considerable interest to discover the impact of the work of an American free market scholar on the thinking of a young academic beginning his career in a post-Communist society. For the author who has only gradually getting to know the workings of a capitalist society in his home country the ideas of Buchanan are clearly highly novel, innovative, and instructive. What for the subjects of western society has been an easily discerned background theme of the culture for over three-quarter centuries or more is for him new and exciting territory. Olszewski imparts that interest in an engagingly written document which is generally nicely written and presented.

I should note about the text – which is written in a language which is evidently not the author's mother tongue – that it is not free of errors. Here and there grammatical mistakes creep in – as in the use of the definite ('the') and the indefinite article ('a'). The author is never quite sure which it is that should be used or if one or the other should be used at all. These are problems of colloquial familiarity which can only be gained by sustained long term use of a language. However, I should stress that these infelicities do not greatly impair the reading of the text. Usually, the author's meaning is abundantly clear and in many places the text is over many pages entirely free of error and reads clearly. I have noted on my copy

where changes are preferable, and it would be a good idea (if such is your practice) for the text to be amended before the thesis is deposited in a library.

I make a note now of what I regard as commendable aspects of the thesis which I think merits its being accepted. The notes broadly follow the course of the thesis as it takes us from the initial setting out of the public choice theory under scrutiny to its fuller development and deployment in later and connected works.

1. The dissertation provides a very interesting delineation of the main theories of J.H. Buchanan a distinguished American economist and political theorist. It presents Buchanan's key contribution is to regard politicians as self-interested utility maximisers. This view is in line with the approach taken in conventional western microeconomics where the workings of firms, markets and price-setting are regarded as being determined by utility maximization.
2. The author usefully notes that J.M. Buchanan and his collaborators are critics of the Keynesian view of economics. J.M. Keynes produced the dominant theory of economics current in the post-Second World War period. Broadly Keynes's theories held sway in economics from the late 1940s until the early 1970s. This is a very interesting story which Olszewski clearly understands and grasps its significance. In contrast to the utility maximizing view which flourished still in microeconomics (theory of the firm and individual choice) Keynes's theories were regarded as applying in macroeconomics – which dealt with the national and international economy. Keynes's theories proved extremely valuable to governments in western economies since they helped them devised policies which could counteract cyclically

very high levels of unemployment and distress. Until the mid-70s Keynes's theories had proved indispensable to western governments. Its hold was only broken by the high inflation of the 1970s and the rise of rival theories such as Buchanan's which questioned some of the deleterious consequences of the enthusiastic adoption of Keynes's ideas. (Personally, I believe that the reaction to Keynes's work was overdone, and I'd suggest that his ideas are still a background influence on policy makers and economic theorist.) The dissertation tells us the story of the overshadowing of Keynes's ideas in an engaging way. For the author the dogmatic adoption of Keynesian policies led to an irresponsibility amongst politicians who took up the advice for governments to spend more without raising sufficient taxes to deal with the rising debts. Such deficit spending damaged the open capitalist economies and required countering by dampening economic activity.

3. In this section the author makes a very good case for demonstrating that Buchanan's theories responded in an impressive way to the runaway inflation experienced in capitalist economies in the 1970s and early 1980s. People got used to the deficit funding of public spending which meant that the underlying causes of inflation were not properly tackled. It would have been interesting to hear what the author (and Buchanan thought) about the much higher levels of unemployment that accompanied the turn away from government spending. Buchanan is presented as supporting a more disciplined approach from the state in cutting back its own activities. As part of his utility maximizing approach Buchanan encouraged policy makers to regard their own administrative machines as being influenced by the self-interest of administrators. Once a pattern of public expenditure is established those

civil servants tasked with its implementation have a built-in interest in its maintenance (as a minimum) and its expansion (as a maximum).

4. It might be argued that a drawback of Olszewski's approach is that he is inclined to leave unquestioned many of Buchanan's assumptions that might be seen as relying too much on several (often untested) empirical generalizations. An example of this might be that it is more the uneven impact of inflation on similar capitalist economics (and not high inflation itself) that led countries to criticize Keynesian deficit spending. Buchanan's utility maximizing views took root more readily in the United States and the United Kingdom than they did (where inflation was most persistent) than in countries such as West Germany and Japan (where inflation was brought down quicker). It may be worth reflecting also that it may have been recession (and the accompanying higher unemployment) that broke the process rather than simply paring back the state. But although this possibility is overlooked the thesis proceeds with a clear and cogent understanding of Buchanan's theories.

5. It was impressed by the way in which the author concludes that politics is necessarily an extraordinarily complex – often messy – process that demands compromise. This view which the author derives from Buchanan's rational egoist account of the political actor, but it does not produce pessimism in the conclusions the thesis draws. Political leaders must negotiate the contradictions involved in bringing into synthesis the diverse approaches of their co-leaders and administrators. This strikes me as an optimistic conclusion and certainly requires more resources to sustain it that are provided by Buchanan's utility maximization approach.

6. There seems to be extraordinarily little room for patriotism in Buchanan's rational choice approach. This is highlighted clearly in the author's account of the role of bureaucracy in politics. From Buchanan the assumption is adopted that bureaucrats act primarily in their own interest. They cannot be relied upon to take the public's interest seriously. Government administrators are focussed on making secure and enhancing their own positions. Programmes and expenditures continue and often expand to reflect their interests. Indeed, the dissertation raises the question whether there can be a public interest at all. Within the confines of interest group theory itself the case might be made that a public interest of a kind is formed by the outcome of the work of all the competing groups amongst the politicians, administrators and the interest group themselves. But this could only be an adventitious outcome and not one that any one actor would be aiming for.

As the thesis comes towards its conclusion the author depicts the aims and activities of politicians and interest groups increasingly as being more egoistic. Political parties are presented as necessarily hierarchical with a wide gap emerging between those ordinary members at the bottom and the leaders at the top. But interestingly it appears that neither those at the bottom nor those at the top entirely want to be in each other's position. Those at the top (group 4 in the dissertation) are seen as being in the political world for themselves, so ideology has a low priority and personal economic interests come to the fore. Typically, those at the bottom are interested in ideology and so are less inclined to foreground their economic interests. (Both seem to be extreme pictures). The model adopted leads to truly little regard being taken to the historical origins of interest groups

and the political parties involved. This is a very sparse account of the political process which suggests, at best, over-simplification and, at worst, too little respect for political culture.

The strength of the thesis is in my view its analysis and appraisal of Buchanan's public choice theory. Particularly well done is the presentation of the economic background which led to the success of Buchanan's ideas. There is a particularly good appreciation of the earlier appeal of Keynesian to policy makers and there is an astute presentation of the events that led to its decline in influence. Should the thesis at some point be revised for publication I think the final sections of the work could be strengthened, first by a clear and concise summary of the positive goals the research achieved and then by an indication where further work may be done. At present there is some consideration of the latter topic – indeed there is an intriguing survey of later public economics writings related to Buchanan's views – but less attention is given together to drawing together the argument and reminding the reader what has been achieved.

Without any doubts this dissertation fully meets the requirements for doctoral dissertations and allows for admitting Mr. Olszweski to further stages of the doctoral procedure.

Howard Williams September 2022