

# Does the representativeness of Parliament Members matter? *The French Case*

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## Abstract

The composition of the Lower House, in France, according to various socioeconomic characteristics of its members, does not “mirror” the entire French, neither the voters’, populations. Political commentators frequently complain about such a misrepresentation. Indeed, “Parity” Laws intended to compel political parties to present half men and half women among their candidates at the polls are one major outcome of this conception of democratic representativeness. In this paper we ask whether nonrepresentativeness biases the legislative process. As far as rival political teams actively seek office *per se*, the competitive struggle should suffice to compel governments to satisfy various groups or classes pro rata their political influence, even though the population of politicians does not mirror the structure of the population at large. Representativeness matters, however, where markets for political control are imperfectly competitive.

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“The third charge against the House of Representatives is that it will be taken from that class of citizens which will have least sympathy with the mass of the people and be most likely to aim at an ambitious sacrifice of the many to the aggrandizement of the few”.

*James Madison, The Federalist Papers, No. 57*

“The positive evils and dangers of the representative, as of every other form of government, may be reduced to two heads: first, general ignorance and incapacity, or, to speak more moderately, insufficient mental qualifications, in the controlling body; secondly, the danger of its being under the influence of interests non identical with the general welfare of the community”.

*J.S. Mill, 1861, Considerations on Representative Government, The Liberal Arts Press 1958 p. 86.*

## Introduction

Many commentators complain about the non representativeness of the parliament and the insulation of political elites from the population at large. A French Institute recently emphasized, in a booklet,<sup>1</sup> that the “Assemblée Nationale” (the French parliament’s lower House) did not represent the socio-economic diversity of the French society and concluded that the democratic process is thus impaired. This Institute then proposed a series of measures to cope with this alleged deficiency, such as fostering the access to the Parliament of the populations not represented or underrepresented (women, immigrants, managers of private sector corporations, etc.)<sup>2</sup>. The means suggested are diverse. For example, to increase the number of managers of private sector corporations elected to the parliament, the Institute recommends subsidizing those who want to reintegrate their former corporations, in order to mimic the existing privilege of public servants who can reintegrate, by law, their former position without opportunity cost in terms of career and retirement pension plans<sup>3</sup>. To increase the number of women in the Parliament, the so called “parity law”- that compels political parties to introduce quota of women (half men and half women) in their lists of candidates – has been passed recently.

For a specific group or category of citizens, to be represented at the Parliament by someone with the same background is thus thought to be an important issue. It is not a new argument. Mill (1861)<sup>4</sup> or Buchanan and Tullock (1965)<sup>5</sup> used it to explain both the major role of representativeness and of the majority rule. The very concept of representativeness, however, is particularly elusive in a complex society where individuals can be classified simultaneously in a large number of groups. A working age woman is for instance both a consumer and a wage earner; she can be a mother, an owner of her house, a city dweller, a member of a religious congregation, and so on. Would she be better “represented” if one more Parliament member is also a member of her religious group, or if a man, father of three children and city dweller, is elected? With a large number of possible defining criteria, the very large number of potential groups in a society makes perfect representation in a Parliament where the number of seats is limited, impossible. Other difficulties exist. Nobody,

in the present generation, for instance, can speak on behalf of someone who does not yet exist. Then, when collective decisions are multi-dimensional and imply different external benefits and costs on each dimension, “representativeness” is different in each dimension. The cost of “multi-representativeness” would then be huge. “Perfect representativeness” cannot be obtained in a multi dimensional world of collective decisions. Introducing costs considerations makes “imperfect representativeness” more appealing or possibly “optimal”, even though no precise level of optimally imperfect representativeness can be specified. But if non representativeness could be “optimal”, how can we conclude that a specific parliament does not adequately represent the population?

Nevertheless representativeness matters and will be demanded by voters if people sharing some socioeconomic characteristics also share the same policy preferences, and if elected politicians prove to be loyal, once in the parliament, to the policy preferences of the group with which they shared these characteristics. For instance a former civil servant, when elected, will probably keep on defending policies providing advantages to civil servants. We call this possibility the “similarity principle”.

The reasons for such behavior can be multiple, ranging from common personal pecuniary and career interests in “like” people, or from a same educational and ideological background, to peer pressure, or from an electoral process in which people with the same characteristics tend to live together in the same areas and thus form homogeneous pools of voters which, naturally, tend to vote for one of their own. It will most likely be explained by a mix of all these factors, material and career interests as well as “ideological” factors (i.e. individual preferences for specific modes of social organization). It could also result from the impossibility, noted above, for a Parliament of limited dimension, to integrate in a simple two party system, for example, the interests of all groups along various dimensions that exist in a society. Each group having specific interests to defend would then look for specialized advocates among MPs, beyond the general political platform of a party or a majority. It is easier to trust a politician who was formerly a member of the group, both because of his “intrinsic motivation” and empathy for the group general vision of “good” policies (ideologies), and because he can be rewarded conditionally through various inter temporal exchanges. Such a group (for instance a professional group) can reward its member who becomes MP, with special privileges, either during his mandate or later on, thus wielding some leverage on his policy choices when in power<sup>6</sup>. Then MPs with similar socioeconomic background can be trusted to promote the policies preferred by their group of origin, and limit the adoption of policies they dislike, or must accept to lose some present or future personal advantages. We should then care about the composition of the parliament because this composition is expected to determine its activities and policies<sup>7</sup>.

This is not what is usually expected from politicians’ behaviour in economic theory. Individuals are supposed not to matter, just as the individual manager is not supposed to matter in the traditional theory of the firm. In a competitive environment both of product market and of capital market, the manager is just a passive optimizer. The product is defined by consumers’ demand and the manager just brings about the right amount of production, given competitive prices and costs. In the same way, in a perfectly competitive political environment, politicians are just the disciplined agents of parties and majorities which defer to the median voters demands. These “passive” politicians should care only for party loyalty and discipline, whatever their personal background. Party’s policies, or “ideology”, are supposedly defined to maximize the chances to obtain power and re-election and thus have to mirror as closely as possible the diverse (multi dimensional) preferences of a majority of

voters. In such a framework, an MP should vote for proposed laws according to her party discipline, and not with respect to her demographic or professional group of origin preferences.

Thus “representativeness” matters only when party discipline is weak and politicians are actively seeking to influence the party’s line. An MP’s loyalty could, in that context, go mainly to his socio-economic group of origin. It is then a question of conflicting loyalties and possibly blurring of party lines in the parliament, or of intra party competition to try to influence the party’s or majority’s policy.

Whether such a link between individual characteristics and policy choices exists is an empirical matter which has to be investigated. In the present paper, we will restrict our study of representativeness to the French case. We will focus on the “Assemblée Nationale” composed of 577 deputies elected for five years, specifically during the 2002-2007 and 2007-2012 periods.

The first section deals with the descriptive statistics of representativeness of the French Parliament by gender, age, education and occupation. We chose these characteristics because they are widely documented and used in official statistical publications. As explained above there are many other characteristics which could be potentially relevant but that we have no means to observe. We show that, according to the available data on socio-economic criteria, the French parliament is not representative of the overall population.

One thing is to establish the non-representativeness of the French deputies; another thing is to know whether this non-representativeness has an impact on the laws voted through by the House. Do we know that if the parliament were perfectly representative (on these dimensions), laws would be different? That is, are MPs making laws according to their personal socioeconomic characteristics such as education, age, gender, profession, rather than deferring to the pressure of the whole electorate (the median voter) as a result of political competition?

In section 2 we show that in specific instances, MPs tend to favour laws in conformity with their socioeconomic groups of origin. It follows then that nonrepresentativeness matters and could have important consequences for the voters. It allows discretionary behaviour from MPs who can implement policies that potentially diverge from their principals’ (voters) preferences. This is an agency problem and a source of inefficiency in politics if the goal of politics in a democracy is “to be governed by the people and for the people”.

If the Parliament were representative in that way and neglecting the decision costs involved in obtaining a “representative” one, personal socioeconomic characteristics of MPs would be a good indicator of future policies choices (at least in a parliamentary regime). Consequently any group, not represented by MPs with characteristics similar to their own, should ask for more representativeness, assuming that trust between principals and agent is based on characteristics similarity. Trust is quite important in a volatile political environment where future conditions, in between elections, are not known. Thus, when political competition is imperfect, more representativeness would improve the efficiency of the political process. In this section we will also suggest that the constitutional rule could impede such an improvement. In the French parliament, law making is not necessarily in the hand of the MPs but in those of the government and/or of the President. As a consequence, MPs could be

individually opposed to pass a law proposed by the government and nevertheless vote for it<sup>8</sup>. In that case representativeness does not really matter.

In section 3 we show that there are other reasons for non representativeness, inherent in the political competition process. If politicians follow their own preferences over those of the median voter, we can infer that political competition is notably imperfect, because the members of the Parliament are not tightly constrained by the median voter (if such were the case, they would vote independently of their own reference group). But we further show that this nonrepresentativeness can be in part an efficiency consequence of the optimal allocation of talent in the political sector. Specialization is at work in the political sector as well as in other sectors of the economy. And the managers of the large hierarchies of the state organization (the politicians) are selected by competition, the most talented managers moving to the top to make decisions. This is a major source of non representativeness.

It follows that representativeness is more demanded when competition is imperfect while competition would improve efficiency and decrease the demand for representativeness. But more competition would also increase the selectivity in the selection for talents in politics and thus would decrease representativeness of the MPs. Nevertheless these less representative MPs would be more constrained in their choices and the efficiency of the political process would be improved. We conclude with some comparisons between agency costs in business and in politics, and suggestions for ways to increase competition in political markets.

## **1 Representativeness in the Lower House of the French parliament.**

We examine the personal profiles of 577 members elected to the Lower House of the French Parliament (“ l’Assemblée Nationale”) both for the 2002-2007 and 2007-2012 periods. This House has the last word in voting laws. The paper draws information from the CVs of the members of the Assemblée Nationale (available on the web site of the Lower House) as well as from the Who’s Who book for more information on personal characteristics of the deputies.

Various groups in society can be affected by legislation and thus can be considered in a way as potential, or effective, pressure groups which have, or should have, an interest in the legislative decision making process (see Mancur Olson (1965) and Gary Becker, (1983)). Many laws are passed that can be detrimental to the young or those not born yet. The representation of age groups could then be crucial. Gender groups are also directly interested in legislation as laws on the marriage market and/or the labour market can be male biased. Another sociological interest group is also crucially interested in the collective decision process, the bureaucrats or public servants’ group, since the amount of taxes revenues directly affects their careers and prospects. They thus have a strong stake in the budgeting and regulatory process and can try to orient legislation in their favour at the detriment of other occupational groups such as entrepreneurs, non qualified workers, or independent professionals. Intellectuals constitute a key group as far as they can use their superior knowledge to manipulate the opinion and influence the legislators in their favour, to the detriment of the non-intellectuals. We will consider age, gender, education, occupation as characteristics that are linked with specific interest groups. The available data set provides

interesting insights on the question of representativeness in France, which confirm what has been observed in other countries.

### **Gender**

The typical French politician is a male as shown by the table 1 below. Between the old chamber and the new one we observe some small progress in the representativeness of women (except for the communist party and those MPs not affiliated to a party). While there are 49% of men in the French population, 87% of deputies in the 2002-2007's legislature, and 81.5% in the 2007-2012 one, are male. This imbalanced sex-ratio is the most obvious characteristic of the "Assemblée Nationale". It is shared however by a lot of countries and is not a novelty. But compared to the 25 parliaments of the European Union, the French one is at the bottom in terms of female representation, at the level of Greece with 13% (2002-2007) or Estonia with 18.8% (in 2007-20012), far from Sweden or Finland with 48.3% and 38% of women in their respective parliaments<sup>9</sup>. During 2002-2007's legislature, the political party scoring the lowest number of women is the centre right party (4% of women), and in 2007-2012, it is the communist party with 0% of women. By contrast, in the 2002-2007's legislature, both the communist party and the independent group of MPs included 18% of women.

(Table 1 about here)

Now, do the French MPs, male and female, represent the French population in terms of demographics and occupations? Table 2 presents some facts about the 2002-2007's legislature on which we have more detailed data.

(Table 2 about here)

Clearly the women who sit at the parliament are not representative of French women in general or of the women of their own generation. They have a lower number of children than their own generation of women. The Lower House includes a lower share of married women compared to the French population. The differences in education and occupation between men and women and between the MPs and the French population are quite high, except for age and number of children.

### **Age**

The French politicians average age is 56.43 (the median age is 57 years old), the youngest deputy being 30 years old and the oldest 83. The parliament members are not representative of people of age less than 30 years old. By contrast, people older than 57 are over-

represented. French MPs are representative of the older generations: those born before the fifties.

This fact has not attracted much attention in the literature, despite some exceptions. But the preferences and interests of one generation are not, presumably, the same than those of another one, born later. If we assume that beliefs and interests differ between generations, we can conclude that the distortion is highly significant.

(Table 3 about here)

Table 1  
**Gender**

Samples	% Male 2002-2007	% Male 2007-2012	% in Parliament 2002-2007	% in Parliament 2007-2012**	% of votes at the first round in 2002 legislative election <sup>10</sup>	% of votes at the first round in 2007 legislative election
UDF (centre right)	96%	79%	5%	4.16%	4.79%	7.61%
UMP (Incumbent party right)	89%	86.25%	64%	55.46%	33.37%	45.58%
PS (Socialists and Greens)	83%	76.47 %	26%	35.35 %	31.11%	28.01%
NI (Independent deputies)	82%	83.3%	2%	1.04%	5.71%	3.16%
PC (Communists, opposition)	82%	100%	4%	3.99%	4.91%	4.29%
Women	-	-	12.5%	18.5%	-	-
Civil servants	89%	-	40%	-	-	-
Entrepreneurs	94%	-	8%	-	-	-
577 MP	87%	81.5%	-	-	-	-
French Population	49%		-	-	-	-



Table 2

***Demographic and occupational representativeness  
of French deputies***

*2002-2007*

Parliament	Women	Men	French population*
Mean age	54.6	56.6	39
Married	30.0%	57.3%	92%** (48.3%)
Number of children	2.33	2.54	2.59** (1.91)
Higher education (Master and PHD)	39.7%	53.0%	9.1%**
<i>Occupation:</i>			
Independent professions***	12.3%	22.0%	0.5%
Teaching	12.3%	19.7%	3.5%
Public servants	34%	41.6%	12.3%
Entrepreneurs	4.1%	9.0%	0.1%
Non qualified workers	1.3%	0.3%	2.4%
White collar	15%	3.0%	12.8%

- \*Official statistics from. INSEE, *Tableaux de l'Economie Française*, 2004-2005
- \*\*The comparison is done for the same generation of women.
- \*\*\*Lawyers, medical doctors or surgeons and /or veterinaries

Table 3  
**Age**  
 2002-2007

Age	French population	Parliament
	59 900 268	577
From 18 to 30	15,3%	0%
From 30 to 57	38,2%	47%
57 and more	24%	53%

Table 4  
**Age in various groups of politicians**  
 2002-2007

Samples	% In Parliament	Age
UDF (center right)	5%	52.6
UMP (Incumbent party conservative right)	64%	56.2
PS (Socialists and Greens opposition)	26%	57.0
NI (Independant deputies)	2%	56.7
PC ( Communists opposition)	4%	62.0
Women	13%	54.6
Civil servants	40%	58.0
Entrepreneurs	8%	56.3
577 MP	100%	56.5
French Population	100%	39.0

The lowest mean age can be found in the centre right party and the highest is found in the communist party and, less markedly, in the socialist party. Being in the opposition means that the party has lost the election, consequently there are fewer positions at the parliament for those who have lost the majority. Then, the older members of the party having more experience and reputation than the younger ones, such circumstances play in their favour and against the younger ones in elections, and it follows that there is a resulting age bias in any opposition party in any parliament.

### **Education**

Looking at the educational background of the members of the Assemblée Nationale, it is clear that a high proportion of MPs have tertiary education (Master degree and /or PHD level). Those concerned cumulate more than one diploma, and their average years of schooling after secondary school (the “Baccalauréat”) is around 5 years. Women MPs are less educated than men, but the overall level of education of our representatives departs so much from the French population in general that, here again, the non-representativeness is tremendous. If higher education is an indicator of belonging to the elite of a nation, then half of French politicians belong to the elite.

The following table 5 describes that large difference between the French population and the French deputies<sup>11</sup>.

(Table 5 about here)

The group with the lowest education is the communist party. Nevertheless, even in this case, the members are more educated than the French population of the same (almost) generation. Otherwise, the most educated group is composed of the deputies who are public servants. The less educated are the entrepreneurs and the women. The members of the socialist party cumulate the number of diplomas and are frequently civil servants.

### **Occupation**

Education is closely linked with occupation. Looking at the former job of the members of the Lower House suggests the same findings. Our politicians belong to the elite which clearly is not representative of the French population. In 2002, French deputies were likely to come from “non manual” occupations. Only the communist party has a small proportion of non qualified workers as deputies. Nevertheless the majority of communist deputies are from the “white collar strata”. A huge majority of MPs is coming from higher professional “strata” with a high level of education as observed below. We will measure the non representativeness in terms of occupation following two ways: in table 6 we use the classical classification of proposed by our National Statistical Institute (INSEE) and in Table 7 our own classification based on a functional distribution of income.

(Table 7 about here)

Table 5  
*Educational level*

Samples	% in Parliament	Master degree	Phd level	Total	Number of diploma	Number of years
UDF ( centre right )	5%	19%	37%	56%	1.13	5.5
UMP (Incumbent party, right)	64%	19%	33%	52%	1.25	5.1
PS (Socialists and Greens, opposition)	26%	23%	32%	55%	1.27	4.74
NI (Independant MP)	2%	9%	45%	54%	1.82	5.14
PC ( Communists, opposition)	4%	9%	5%	14%	1.00	3.14
Women	13%	22%	18%	40%	1.22	4.69
Civil servants	40%	22.6%	36.7%	59.3%	1.26	4.94
Entrepreneurs	8%	21.1%	19.2%	40.3%	1.16	4.78
577 Deputies	100%	20%	32%	52%	1.25	4.96
French Population	100%	-	-	11%	-	-

Table 6  
*Socioeconomic categories*

Socio economic categories	Parliament	French population*
	2002-2007	2004-2005
Farmers	3.5%	1.6%
Craftmen, entrepreneurs and merchants	14%	3.1%
Managerial staff and higher intellectual professions	53.4%	7.4%
Middle professions	51.3%	12.1%
White collar	2.4%	15.5%
Blue collar	0.9%	13.8%
Retired people	4%	29%
Unemployed	4%	-
Political staff	2.4%	-

- Insee, Tableaux de l'économie Française 2004-2005, p. 37.

Table 7  
*Occupation*

Occupation	Parliament	Parliament	French population**
	2002-2007	2007-2012	2004-2005
Independent professions*	20.6%	19.75%	0.7%
Teachers	18.7%	15.08%	3.1%
Civil servants***	40%	34.14%	11.3%
Paid on public funds***	51.3%	54.76%	-
Entrepreneurs	9%	8.66%	0.3%
Engineers and managerial staff	17%	23.04%	4%
Farmers	4%	2.43%	1.6%

\*Lawyers, architects, medical doctors or surgeons as well as veterinaries etc.

\*\* Source: INSEE Tableaux de l'Economie Française 2004-2005, pp.37 sq.

\*\*\* Paid on public funds include Civil servants and Civil servants include Teachers

The divergence between the characteristics of the MPs and those of the French population can be measured by the *Gallagher index* (or the least square root index):

$$LSq = \sqrt{\frac{1}{2} \sum_{i=1}^n (P_i - F_i)^2}$$

Where  $i$  stand for the type of occupation,  $P$  is the proportion of this type of occupation in the parliament and  $F$  in the French population.

An index value of 0 measures a perfect match or similarity between MPs and voters, while an index of 100 measures perfect mismatch between MPs and voters.

The Index value was 29.3 in the 2002-2007's legislature, while the new 2007-2012's Lower Chamber index value is 27.0.

The same Gallagher formula is used to measure the divergence between seats in the parliament and votes at the polls. During the former legislature this divergence index between seats and votes (in the first round of the election) reached 22.12, while with the present legislature the index value is lower at 9.16.

The French parliament is composed in majority of deputies whose previous jobs were paid on public funds. This characteristic could be seen as the most important item in terms of non-representativeness. It looks as if the parliament has been captured by a specific group of the population with an interest in the expansion of the State: public and quasi public civil servants. This attribute is more pronounced on the left than on the right. The new parliament, much as the old one, over represents entrepreneurs, public servants, teachers and professionals<sup>12</sup>.

### **Mis-matching between the electorate and political parties**

Table 8 shows that the electorate who votes for one existing political party, right or left, votes for candidates who have traits very dissimilar from their own. The mismatch between the electorate and their representatives might explain, if voters demand similarity, part of the rising disillusionment with existing political parties, as suggested by the rising rate of absenteeism at the polls.

(Table 8 about here)

Table 8  
*The electorate and political parties characteristics compared*  
 2002-2007

Sociology of votes , legislative June 9, 2002*	First round	Right Wing Electorate	Right Wing Deputies	Left Wing electorate	Left Wing deputies
Political parties		UMP	UMP	PS-PC-Greens	PS-PC-Greens
All electorate		43%	68%	39%	30%
Gender					
Men		42%	89%	38%	83%
Women		43%	11%	40%	17%
Age					
18-24		39%	0%	40%	0%
25-34		26%	0.7%	45%	0%
35-49		35%	21.2%	49%	13.5%
50-64		49%	63%	35%	71.7%
65 and more		57%	15.7%	28%	14.7%
Occupation					
Entrepreneurs, retailers and craftsmen		51%	11.9% **	31%	1.2% **
Middle professions		39%	16.9%	53%	40.0%
White collar		38%	3.5%	38%	8.2%
Non qualified workers		21%	0.0%	49%	0.1%
Intellectual professions and executives		48%	57.4%	43%	57.6%
Education					
Tertiary education		48%	52.4%	41%	31.7%

- Post electoral survey Louis Harris, published on AOL, June 10 2002, 8 pm. On 100 men, 43% votes UMP-UDF and 39% votes PS, PC and/or Greens.
- \*\*Only entrepreneurs

To sum up, politicians constitute an occupational group, well educated, coming from the intellectual professions (teachers, researchers), and business and executive managers, lawyers, physicians, and veterinaries. Their former status as public servants reveals (at least for a short majority of the deputies), that they have always been working in a protected labour market. Their parents and they themselves belong to the upper class. They are also richer in so far as the wage and remuneration of deputies are far above the average wage of the French active population. This political group does not represent in fact neither the ordinary people of the French population, nor their own electorate as shown by table 8.

The diagnosis is clear and simple: the members of the Lower House, both in 2002-2007's legislature and in the new one, do not "mirror" the French, neither the voters', populations. Apparently the voters do not follow the similarity principle. Does it matter for the legislative process? Could it bias the law making decisions?

## **2 Representativeness and policy choices: the similarity principle tested.**

One thing is to show how the French parliament is not representative of the French population, or of voters, in terms of sex ratio, age occupation and education; it is quite another thing to show that this divergence matters, because it biases the legislative process in favour of over-represented groups. Those who criticise the non-representativeness of the House, implicitly assume that a "better" representativeness would bring "better" laws and would enhance the voters' control of governmental actions.<sup>13</sup>

To test if representativeness matters, we use two bills initiated by "Contribuables Associés", a French taxpayers association.

This association has organized in October 29, 2003 a meeting with the MPs under the head of Lionel Luca<sup>14</sup>. After this meeting Lionel Luca has proposed to the parliament a bill to repeal death duties. Contribuables Associés then asked all deputies to co-sign this proposal<sup>15</sup>. Only deputies who signed these proposals have been considered as favourable to the repeal of death duties.

Hervé Novelli, also a French deputy, had proposed another law on March 2003 to forbid, for an MP, to be both a public servant (temporarily on leave) and an (acting) deputy at the Lower House or at the Senate, as is the case for instance in Great Britain.

Contribuables Associés then asked all deputies to agree publicly with these two proposals: a) to suppress death duties; and b) to forbid being both public servant and deputy when elected at the parliament<sup>16</sup>. Indeed, at present, a civil servant elected to the Parliament keeps his status as a "fonctionnaire", and can return to his former employment if not re-elected at the next election. He thus benefits from a substantial competitive advantage (a decreased level of income and career risk) over non civil servants who have to quit their jobs to get elected and



thus have much to lose if not re-elected. This lower opportunity cost and risk for civil servants may be one cause of their overrepresentation in the Parliament.

MPs who didn't answer the survey were considered as opponent to the bill. But those who answered revealed, through the publication of their name in the newsletter of *Contribuables Associés*, their commitment<sup>17</sup>. Their answer, thus, is not just an opinion like those we can find in usual opinion surveys currently done in the population.

Their expressed preference do not necessarily matter for law making however, since the French political regime is not parliamentary: under the Fifth republic constitution Law making initiatives belong to the government<sup>18</sup> and in the French parliament voting discipline along party lines is generally respected. The votes of the opposition cannot influence the results if deputies in the majority vote in a homogenous way<sup>19</sup>. The individual MPs moreover have many incentives to endorse their party's line on law making. Then representativeness, to have an impact on voted laws, makes sense only within the winner party, or winning parties' coalition<sup>20</sup>.

### **Descriptive statistics by characteristics.**

To study the effect of representativeness on the law making process we will concentrate on a few characteristics only: gender, age, education and occupation.

(Table 9 about here)

Let us start with gender. At first sight, the difference of opinions between male and female deputies is not disputable. It is even stronger when looking at the incumbent party (UMP) who has an absolute majority at the parliament. Gender seems to matter in representativeness.

Consider age. Even though the majority of deputies do not favour the repeal of the dual status of public servant and deputy, or the repeal of death duties, the younger members of the parliament are more strongly than older ones against death duties or against the dual public servant and deputy status. This impact of age is weaker however when we focus on deputies members of the UMP.

As table 9 shows, members of parliament with no tertiary education, even if they are a minority, could be ready to vote a law against the dual status, while relatively few of them would suppress death duties. Members of the UMP party do not oppose so firmly to the dual status while they are a little bit more against death duties than members without tertiary education. Regarding the education characteristic, which is one of the most prominent divergence between MPs and the French population, the differences between deputies do not look significant.

Table 9  
***Socioeconomic characteristics of deputies***  
***And their public endorsement of the two proposed legislations***

	Against the status of both public servant and deputy*	Against death duties*
Female (12.6%)	10.9%	5.4%
Male(87.3%)	29%	12.1%
Female UMP** (11.4%)	19.5%	9.7%
Male UMP (88.5%)	40.9%	15.9%
Age less than 57 years old	35.4%	14.9%
Age more than 57 years old	19.7 %	8.9%
Age less than 57 years old UMP	36.8%	16.9%
Age more than 57 years old UMP	39.8% %	13.8% %
No tertiary education	31.40%	10.70%
Tertiary education (Master and P.h.d.)	26.10%	12.20%
No tertiary education UMP	40.0%	13.7%
Tertiary education UMP	37.3%	16.9%
Public servants	16.20%	10.1% %
Non public servants	34.00%	14.32%
Public servants UMP	26.2%	6.83%
Non public servants UMP	43.6%	17.6%
Entrepreneurs	53.8%	26.9%
Non entrepreneurs	24.0%	9.7%
Entrepreneurs UMP	56.0%	28.0% %
Non entrepreneurs UMP	35.2%	13.2%
UMP (368)	38.0%	15.2%
All deputies (576)	26.7%	11.2%

\*Answers in favour of the proposal of a specific law, as polled by “Contribuables Associés” among MPs.

\*\* Incumbent party with absolute majority at the Lower House

Turn on to occupation. It is much more significant and clearly shows the bias of those who were formerly public servants or bureaucrats. They are significantly less opposed to death duties and less against allowing maintaining the cumulative advantages of being civil servant and deputy. In both cases this is clearly in their interest because death duties increase tax revenues, and thus the resources available for public servants, and because the possibility of being both a civil servant and a deputy obviously decreases the potential cost of failure in their political career as explained above. This difference is stronger with the sample of UMP MPs. We can look at the same characteristic with entrepreneurs as a group opposed to the bureaucrats. The figures are quite interesting. Entrepreneurs are very much in favour of both laws. The difference is stronger with the UMP group of deputies.

The reader could thus conclude that representativeness by age or generation, by gender and occupation is all important and decisive. First we have to assume that the majority MPs can democratically influence the government in its choice of bills presented to the parliament. But even if this were true, one has to keep in mind that these characteristics could play in opposite directions.

To illustrate, assume a representation of 51% of women at the parliament, to mirror the sex ratio in the French population. This will not change the vote for the proposed law, as the men in the incumbent party are already, in majority, against the repeal of death duties (only 15.9% of them are in favour of the repeal) as well as for an interdiction of both being public servant and deputy (only 40.9% of the MP in the incumbent party are in favour of such a law). Second, if the hypothesis of representativeness is vindicated, a MP, who is both a woman and an entrepreneur, has two characteristics which can be in conflict when passing a law. Which of the two dominates in the preferences? To solve this problem, we need to see how more representativeness changes the law holding all others characteristics constant. To do that, we need to model the probability of passing a law.

It is thus an empirical matter to know what would be the end result of a given mix of characteristics among MPs.

### **Modelling the probabilities for passing the bill.**

In this section we model the probabilities for passing a bill, assuming that the revealed preferences of the MPs by the survey realized by “Contribuables associés” are true. That is if the deputies had the power to pass bills from their own initiatives, they would have voted as revealed by the survey<sup>21</sup>.

All the characteristics used in this test, as independent variables, have been coded as dummy variables, taking the value one if the variable has the attribute and zero otherwise. Consequently we will use a multiple logistic regression as the dependent variables are also dummies.

We will test an equation like:

$$1) \quad Y = \ln \frac{P}{1-P} = a + bX_1 + cX_2 + dX_3 + \dots + u$$

where  $Y$  measures either the fact that the deputy is ready to vote for a law that forbid to be both public servant and deputy or for a law which repeals death duties.  $X_1$  measures the characteristic of gender, 1 for men and 0 for women.  $X_2$  measures the fact that the deputy is

an entrepreneur or not ( 1 if he is an entrepreneur, 0 otherwise) and  $X_3$  a public servant or not ( 1 if he is a public servant, 0 otherwise) and so on, and  $u$  is an error term.

$P$  is interpreted as the probability for a deputy to vote for the law.  $P$  is constrained to lie between 0 and 1. If  $P$  is the probability to voting for a law,  $\frac{P}{1-P}$  is the odd of that event.

Equation 1) is a type of multiple regression equation with the dependent variable transformed to be the ln of the odds.

Obviously:

$$2) \frac{P}{1-P} = e^Y$$

Then we can convert back to a probability of voting giving a direct relationship between the probability of vote and the explanatory variables:

3)

$$P = \frac{e^{Y^*}}{1 + e^{Y^*}}, \quad \text{where } Y^* = a + bX_1 + cX_2 + dX_3 + \dots + u \text{ is the predicted value of } Y$$

given the fact that the deputy is a man, an entrepreneur or a public servant.

To simplify the analysis we focus only on the Novelli's bill<sup>22</sup> about the repeal of the dual MP-civil servant status.

We run a multiple regression of this dependent variable, through a binary logistic function, on the characteristics of gender, (male or female), age, education and occupation (either the deputy is a public servant or paid on public funds or he is an entrepreneur or not).

We add to this set of independent variables, four others which try to capture the MPs tastes for interventionism<sup>23</sup>. To further this end we classify as socialist the MPs of the socialist party who are, as we know, highly in favour of interventionism and thus an important role for civil servants. We thus intend this variable "socialist" to capture interventionist tastes. Things are less clear with the incumbent right wing conservative party UMP (The party of the President). Their members are conservatives and interventionists, even if they are less in favour of an administrative economy than are the socialists. A sub group of MPs from the UMP, however, declare themselves as "Réformateurs" i.e. as less "dirigistes" or statistes than the others MPs of the incumbent party. The variables "socialists" and "réformateurs" are likely to be correlated to some other characteristics of the sample. We expect for instance the socialist MPs be more often civil servants than entrepreneurs, as opposed of what is the case of the group of "réformateurs". By contrast, we do not expect a significant correlation in terms of gender, education and age. This intuition is vindicated by the following table 10.

(Table 10 about here)

Table 10  
**Expected correlation between Party affiliation and Occupations**

All sample 577	Occupations	
	Party affiliation	Civil servants 234/577=41%
« Réformateurs » 62/577=10.7%	14/234=5.9%	14/52=26.9%
Socialists 148/577=26%	87/234=37.2%	2/52=3.8%

Table 11  
**Expected correlation between Party affiliation and Occupations**  
*Female sample*

Sample of women (73) 12.6% of all 577 Mps	Occupations	
	Party affiliation	Civil servants (25 MPs -ie 34%)
« Réformateurs » (5/73=6.8%)	3/25= 12%	1/3=33%
Socialists (25 /73=34%)	7/25=28%	0%

There is clearly a correlation between party affiliation and occupations. Among managers and entrepreneurs we find a higher proportion of “réformateurs” than socialists, while among the civil servants we find a significantly higher proportion of socialists than of “réformateurs”.

The following table 11 presents the same categories for the sample of women MPs.

(Table 11 about here)

The sample of women is much smaller and its number can be considered significant only for the category of civil servants. We observe that 28% of female civil servants belong to the socialist party and only 12% to the subgroup of “réformateurs”.

Moreover, various characteristics are correlated as noted before. To resolve this difficulty we introduce interaction terms between variables. We thus isolate MPs who are both civil servants and “réformateurs”, and those who are both and managers of firms (or entrepreneurs) and “réformateurs”; MPs who are both civil servants and socialists, and those who are both managers of firms (or entrepreneurs) and socialists. To control for gender we isolate Mps who are both women and civil servants, women and socialist, women and entrepreneurs, women and réformateurs. In this way we will make correlations between explanatory variables endogenous and eliminate some colinearity problems. The following table 12 presents the results of the econometric estimation.

Table 12 presents the Logit estimates with coefficients and odds ratio for each explanatory variable<sup>24</sup>.

Coefficients in bold are all significant, and interactive variables are in italic.

The results show the importance of both ideologies or political membership (Réformateurs and Socialists) and occupational interests (entrepreneurs and civil servants) in the voting process as the literature has already noticed it<sup>25</sup> in the U.S.’s congress. Except for the interaction between female and civil servants, all others interaction terms are not significant.

It is important since we can conclude from this result that party affiliation and occupation can be interpreted separately.

(Table 12 about here)

Table 12  
**Probabilities for passing the bill**

Logit estimates on the sample of all 576 MPs.			Number of observations	571
			Chi square	137
			Prob>chi2	0.0000
			Nagelkerke R square	<b>0.30</b>
-2 Log likelihood = -533,6				
<i>Against being both public servant and deputy</i>	<b>Coefficient</b>	<b>Odds ratio</b>	Wald	Sig.
“réformateurs”	<b>0.641</b>	<b>1.9</b>	<b>2.93</b>	<b>0.087</b>
Socialists	<b>-3.275</b>	<b>0.038</b>	<b>10.252</b>	<b>0.001</b>
Females	<b>-1.47</b>	<b>0.23</b>	<b>6.22</b>	<b>0.013</b>
Civil servants	<b>-0.926</b>	<b>0.396</b>	<b>10.936</b>	<b>0.001</b>
Entrepreneurs	<b>0.849</b>	<b>2.337</b>	<b>4.624</b>	<b>0.032</b>
<i>“réformateurs” and Entrepreneurs</i>	-0.098	0.9	0.016	0.900
<i>Females and Civil servants</i>	1.349	3.855	2.467	0.116
<i>“réformateurs” and Civil servants</i>	0.755	2.128	1.531	0.216
<i>Socialists and Civil servants</i>	1.027	2.791	0.654	0.419
<i>Socialists and entrepreneurs</i>	-5.414	0.004	0.016	0.899
<i>“réformateurs” and females</i>	0.703	2.02	0.335	0.551
<i>Entrepreneurs and females</i>	-8.442	0.00	0.69	0.793
<i>Females and socialists</i>	-3.594	0.027	0.092	0.761
Constant	<b>-0.463</b>	<b>0.630</b>	<b>8.86</b>	<b>0.003</b>

We have to notice the ambiguous effect of gender: women MPs do not favour the Novelli's proposal while female MPs who are civil servants are in favour of the proposal. Some precaution is needed as the number concerned are not very high, but this means that if the 73 women MPs *qua* women are against the Novelli's proposal, the 25 women who are civil servants are in favour of it, which appears to run counter to their occupational group interest. It is interesting to note that occupations have the usual impact of a group interest: civil servants are against the bill while entrepreneurs *per se* are in favour of the bill.

The exponential of the logistic regression coefficient directly gives the odds ratio for the explanatory variable. A "réformateur" has 1.9 times more chances to vote for the proposal than another deputy. At the opposite, a civil servant has 2.5 more chances ( $1/0.396=2.5$ ) of voting against compared to a deputy who is not a civil servant, while a socialist has 26.3 times chances ( $1/0.038=26.3$ ) to vote against such a proposal compared to another deputy.

From the regressions of table 12, we can get the following equation by eliminating all variables which are not significant:

4)

$$\frac{P}{1-P} = e^{[-0.49 - 1.47 - 1.35(\text{civil-servants} \bar{f}emal\grave{e}) + 0.85(\text{Entrepreneurs}) - 0.93(\text{civil-servants}) + 0.64(\text{réformateurs}) - 3.27(\text{Socialists})]}$$

The interpretation of this equation is straightforward. It gives the probability to vote for the law conditional to the characteristic of the deputy: man or woman, entrepreneur or not entrepreneur, public servant or not, and socialist or not socialist, "réformateurs" or not.

### **Would increased parliament representativeness change the law in a pure parliamentary regime?**

The extreme case of representativeness importance would be that of a pure parliamentary regime in which any majority of MPs would define the law proposals.

Using equation 4), we can simulate the fraction of the parliament that would vote the Novelli bill, given the actual composition of the present House (simulation 1). And we can also simulate what would be the percentage in favour of the same bill if the Parliament was perfectly representative of the French population at large (simulation 2).

The difference between the two percentages of the House voting in favour of the bill will tell us how important the representativeness factor is, in this case.



Now the probability to vote for the proposition taking into account the percentage of civil servants, women, entrepreneurs, socialists and réformateurs in the current House is easily obtained by substituting in the equation the dummy variables by the real proportion of these groups in the current parliament (simulation 1). And the same can be done for simulation 2 with the proportions in the French population at large.

The following table recalls us the proportion of female, entrepreneurs, civil servant, réformateurs and socialists both in the parliament and in the French population.

(Table 13 about here)

### **Simulation 1**

$$\frac{P}{1-P} = e^{[-0.49 - 1.47 - 1.35(0.4) - 0.125 + 0.85(0.08) - 0.93(0.40) + 0.64(0.08) - 3.27(0.26)]} \quad \frac{P}{1-P} = e^{[-1.70]}$$

that is:  $\frac{P}{1-P} = \frac{1}{e^{[1.70]}} = 0.183$  then the probability to vote for the proposition at the parliament is  $P = \frac{0.183}{1 + 0.183} = 15.4\%$ .

There is thus no chance to pass the bill given the proportions of characteristics in the current parliament.

### **Simulation 2**

Now if the parliament were really representative of the French population the probability to vote for the bill would be:

$$\frac{P}{1-P} = e^{[-0.49 - 1.47 - 1.35(0.125) - 0.51 + 0.85(0.003) - 0.93(0.125) + 0.64(0.045) - 3.27(0.423)]}$$

$$\frac{P}{1-P} = e^{[-2.5]} = \frac{1}{e^{[2.5]}} = 0.082 \quad \text{then} \quad P = \frac{0.082}{1 + 0.082} = 7.6\%$$

The probability of passing the bill would then be even weaker than with the current parliament.

To get a higher chance to pass the bill the parliament would have to be composed exclusively of men, réformateurs, and entrepreneurs.

Indeed, by summing up the coefficients in 4) when Male, Entrepreneur and “Réformateur” categorical variables all equal one (while all the others equal to zero) we get:

5)  $\frac{P}{1-P} = e^{[1]} = 2.71$  and  $P = 0.73$  The bill would have a very high probability of passing.

From the above results of simulations 1 and 2 we can conclude that, in a parliamentary regime in which the House wields the law making power, socio-economic representativeness matters, but marginally. The example of the Novelli bill shows that a more representative parliament would then cut by half the probability of the parliament voting the law. It is also interesting to suggest that such a law would need extreme non-representativeness to pass. In showing clearly what are the real commitments of MPs inquiries of the Contribuables Associes type could thus constitute an interesting means of political pedagogy.

More generally we can infer that, first, the Lower House is not representative of the characteristic structure of the electorate (S.1), and, second, that it probably matters, to a limited extent, for the relative well being of various groups, because the representatives are willing to make laws according to their socioeconomic and political characteristics (S.2). It appears that their decisions then would not necessarily reflect the preferences of the median voter. Such a conclusion can be explained by institutions (electoral laws), imperfection of political competition, and the economics of management and decision making in hierarchies, to which we now turn.

Table 13  
***Characteristics of MPs and of the population***

	Parliament 2002-2007	French population
Female	12.5%	51%
Civil servant	40%	12.5%
Entrepreneurs	8%	0.3%
Réformateurs	8%	4.5%*
Socialists	26%	42.3%**

- \*Measured by the % of votes of Alain Madelin at the first round of the Pr sidentiel election of 2002
- \*\* measured by the score of the left at the first round of the presidential election of 2002

### **3 Nonrepresentativeness as an outcome of competition in the allocation of political talent.**

We have established non representativeness as a fact and as a slight legislative biasing influence. But even though it biases the legislative process, relative to what the electorate (the median voter) may want (and we have seen above that it is dubious if the electorate asks for more representativeness), there are some positive reasons for its existence.

First, the high cost of decision making in large populations resulting from transaction costs and imperfect information in political markets necessitates the recourse to delegation or representation by voting to select representatives. But then voting rules as well as the logic of competition for managerial positions in politics will bring about nonrepresentativeness as an incidental by-product of political competition.

#### **Imperfect voting methods**

There are different methods to select representatives and they play a great role in the non representativeness of the member of the parliament<sup>26</sup>. Most elections today can be divided into two categories. The first is the single member constituency in which each constituency sends one member to the parliament, either through one run off or two, if at the first round the best candidate does not get a majority of votes. Sometimes the winning party at the election gets a majority of seats even if he has no majority in terms of votes (this is the case for France). The other is proportional representation. In the purest case (Israel and the Netherlands for example) the various parties put up a list of candidates as numerous as there are seats in the legislature. The voters vote for the party, and seats are divided in the parliament in proportion to the number of votes received by each party. Those who occupy the seats for each party are the candidates at the top of the list. Sometimes the winning party gets a majority of seats at the parliament (local election at the level of municipalities in France) to forbid governmental coalitions between parties.

All these methods implies a bias in the selection process of the representatives. Proportional representation is seen as the voting method which mirrors most closely the “will of the people”. But people vote for parties, not for persons. How then are the persons on the list of the party chosen? The leader of the party fills up the list with names, with his name at the top. Since the leader can change the order in which people are on its list, this gives him, or the party machine, a great deal of power and generates feudal relationships among politicians in the same party. In that case, deputies are chosen not because they are “representative” of the population, but because they are loyal and useful to the leaders. This indeed reinforces the similarity principle. Such a bias makes politicians more loyal to the leader of their own group rather than to the median voter since their success depends as much or more on the support of the former than on that of the latter.

In the other system, the single member constituency, the country is broken up into constituencies (577 in France) each of which elects one person to the legislature. The winner in each constituency will reflect the preferences and desires of the median voter of its district. But the 577 constituency borders are not drawn to mirror the French population such that the median voter of each constituency brings to the parliament 51 % of women or 12% of civil

servants; they are drawn with the intent to secure a majority of votes to the party in power at the next election with the consent of the opposition party if the latter, when in power, did not change the electoral design of voting districts, maybe because the geography of voting districts maximizes the “security” of party seats, in the majority party as well as in the opposition, and thus the stability of the resources that party leaders, on both sides, can allocate, in a discretionary way, to their faithful supporters in the party.

An interesting experiment is the so called “parity law” which forces parties to alternate men and women on their list. With proportional representation we expect to have more women at the parliament, but with single member district majority, everything will depend on the preference of the median voter of the district, if he prefers to be represented by a male versus a female. Maniquet Morelli et Fréchette<sup>27</sup> claim that French voters have a preference for male deputies -- which incidentally proves that the demand for representativeness is not necessarily coming from the voters themselves, even though the “similarity principle” applies. In fact the principal voting methods used in different democratic countries are not designed to select deputies in such a way that the composition of the parliament “mirrors” the population, and it is not even certain, if we generalize the Maniquet, Morelli and Fréchette conclusion, that the population at large is demanding representativeness. Do not be surprised, then, if the parliament is not representative of the population. But there are some other, efficiency, reasons for this fact.

### **Why not randomization?**

If “perfect” representativeness is a valued attribute in a well functioning democracy, why organize a costly process of selection of candidates through a variety of electoral systems which introduce a high bias in the selection process? Why not adopt a simpler and cheaper way to choose representatives? This could be done by drawing a stratified random sample of deputies from the French population to guaranty that each stratum (defined by some relevant socioeconomic characteristic) is represented in the sample of deputies according to its share in the overall population. Such a randomisation in the selection of MPs is not a new proposal<sup>28</sup> and would indeed lead to “perfect representativeness” as understood by the theory of statistical sampling<sup>29</sup>, as far as we limit the representation to a very small number of characteristics (sex, age, education and occupation).

But there are some drawbacks. Such a legislature would in that case include representatives with low or average competence, with a limited amount of political information, and some of them with maybe poor reading literacy. They would have a hard time deciding on complex issues that confront any government, and their motivation would be in some cases lacking (the task would be really burdensome and the interruption in individuals careers and jobs quite disruptive). This procedure would undoubtedly result in an inefficient Parliament. As John Stuart Mill wrote:

*“The positive evils and dangers of the representative, as of every other form of government, may be reduced to two heads: first, general ignorance and incapacity, or, to speak more moderately, insufficient mental qualifications, in the controlling body; secondly, the danger of its being under the influence of interests non identical with the general welfare of the community”*<sup>30</sup>

That's why the randomization process cannot work: it does not provide for specialization and selection of the most competent, and moreover, determines a highly heterogeneous body of representatives, and, as a consequence, a very high decision cost in the House.

All these reasons plead for the efficiency of non representativeness of Parliament. It follows that as they are professionals highly specialized (in political management), there is no reason that MPs' characteristics should mirror those of the electorate or the population at large.

### **Specialization in management and the selection for competence**

A first explanation was given by Anthony Downs<sup>31</sup> some 28 years ago: the division of labour. When the information needed to discover, transmit, and analyze public opinion before choosing collective decisions to be made, is costly, a group of specialists will emerge whose role is to discover the "will" or the opinions of the people in this matter. They are specialized in political problems.

They attempt to design and supply public policies that fit the opinions (and demands) of the electorate. The politicians are then intermediaries between voters and bureaucrats, who implement policies demanded by the public. And they are better at doing that than the average citizen or voter.

These intermediaries, by offering packages of collective decisions on different issues, based on the opinions of the population or the electorate, find some advantages in organizing their activities within teams which function much like firms: political parties and various pressure groups.

As H. Demsetz<sup>32</sup> wrote:

*"The cost of providing full information to voters in separate elections for each combination of candidate and issue is so great that intermediaries are necessary. These are political parties"*.

The winning team of these professionals, or groups of professionals (i.e. a political party or a alliance of parties), which constitutes the government, fulfils the role of a manager of the State bureaucracies, since the organization of the State is quite similar to that of business firms, with the government as the Board of Directors and the Prime Minister as the CEO. As is known from the theory of organizations (in the Coase and Williamson<sup>33</sup> tradition) the hierarchic organization of bureaucracies (and thus of the State), coupled with the competition for managerial positions between executives, results in the higher management strata positions being allocated to the highest educated and competent individuals (Edward Lazear and Sherwin Rosen<sup>34</sup>), Thus the natural result of competition for winning managerial responsibility in the State is the non representativeness of deputies and ministers.

Indeed, a high level of education seems a prerequisite to be recruited as candidates for becoming a member of parliament. Then, knowing that education is highly correlated with occupation, and in France quite often with the public servant status, this fact could explain the profile of MPs in various Parliaments. A very simple human capital theory can thus explain such a bias in the legislature. As an illustration of this mechanism, the fact that women are less represented at the parliament, just as they are in other well paid professions, can be

explained mostly by their average education level, which is lower than that of men due to the impact of years spend in raising children, that reduce their work experience and the expected return they can expect on years spend in investment in education.

The imperfection of information and the complexity of decisions in political markets as well as the hierarchic nature of the State (as well as of all business firms) bring about the specialization of politicians, and the specialization of politicians raises an agency problem, just as an agency problem appears in large corporation with the separation of ownership and decision. The very existence of discretionary power of the political managers, due to voting rules and the specialization of these political managers – thus non representativeness--, coupled with the “similarity principle” explains the demand for more representativeness expressed by various pressure groups, rather than by the electorate at large as we noted before. Interest groups find a positive advantage at being “represented” in the population of MPs and ministers, because these positions yield a real discretionary power, freedom from the constraints of the median voter possible control.

However, just as in the corporation, more competition in the market for managers should help to submit these managers to the will of the owners (here the voters), i.e. to reduce the agency problem in politics.

According to Downs, political parties or politicians are not agents of specific social groups or classes. They constitute autonomous teams seeking office *per se*. Since these decisions are complex and technical, well educated and competent professional people are best qualified to make them. But it does not matter that members of these parties are not personally representative of many groups or classes in the electorate because the competitive struggle for office – in the case of perfect political competition -- compels all parties and politicians to satisfy the demands of these groups or classes pro rata their political influence. This is the classical view of competition applied to the political process<sup>35</sup>. This view nevertheless does not fit with the facts that we have described in Section 1, and leaves unanswered two questions.

First, what happens when political competition is imperfect because of the cost of information? This is the problem especially of how opinions of the population or of electors are formed. Are they formed by the electors themselves with their own private experiences and/or by the opinions of experts or activists who intensely desire to influence the government by manipulating the opinions of others, or both?<sup>36</sup> Are they formed by the propaganda of the political parties? In the former case the political power will be in the public opinion makers and not in the representatives and their political parties. In the later one the political power is concentrated in the hand of specific groups of professionals who live of politics. It can be safely assumed that the result will be a mix of the voters seeking for themselves information, and also accepting in part the opinions of experts and activists, according to the relative costs of information to them and to the experts (and activists).

It can be shown (Rosa, 2000, 2006) that the abundance and lowered cost of information will decrease the average size of all hierarchical organizations, whether private businesses or public and non profit administrations, thus leading to a development of market exchanges and an increase of competition, because hierarchical organizations are a device to economize on costly information. A large hierarchy spreads the cost of given information on a large volume of production, while an individual having the same cost of acquiring that information can spread it only on a much smaller production. A growing abundance of information will

thus erode the comparative advantage of large hierarchies over individuals. The revolution of the information and communication technologies started in the 70s thus determined a general downsizing trend in all organizations. This downsizing of hierarchies determines a reduction of the amount of resources that leaders of parties and other political organizations (such as unions for example) can control. Their power is curtailed accordingly, including their demand for supportive propaganda, which has to be paid for, one way or another, i.e. either in money or in privileges (rents).

On the other hand, the new abundance of cheap information raises the average information level and competence of voters. As the electorate becomes more informed the power of opinion makers decreases, the need for political intermediaries' decreases too, the politicians are more constrained by the voters, and political competition becomes more perfect, or less imperfect. The agency problem is reduced.

### **Agency costs and political rents**

The selection of talent in hierarchies precludes exact convergence of interests between politicians and voters whenever the former make laws according to their own and their groups' interests. Agency costs result from a divergence between interest of deputies and those of population at large. A deputy is a member of some "characteristic groups" and not of others. He will pass laws that favour his own group, both by personal interest and also to stay in power with the help of his clientele(s) as shown in Section 2.

A wide enough gap leads to a situation in which the population will resent the power of the elites. And the more selected the politicians, the more competent they are, the larger the gap with the population at large.

The political elite members could then be seen as rent seekers, as far as the political market is imperfect, which means that information is costly and scarce, and thus the politicians' decisions can deviate from the demands of the median voter. Voters control on politicians and government is weak then. Political extortion can be substantial because political competition is imperfect. And competition is all the more imperfect as entry barriers in politics are substantial and "entrenchment" (the advantage of incumbents over newcomers) is more prevalent. In that case, the circulation of elites is restricted, à la V. Pareto, with a possible corner situation of no "circulation" in the group?<sup>37</sup> Such elites can indulge in rent seeking, for themselves and/or for the group which they consider as "their own", and because of the selection for competence in the state bureaucracies. When elected, they can further increase this advantage by erecting still more barriers to entry and further reduce competition. Many control problems – or agency problems - plague complex hierarchical organizations. The problem has been especially analyzed in the case of the modern corporation



#### 4 The agency problem in business and in politics compared.

The agency cost is all the more important in the case of the political manager since he cannot be given a simple and clear mandate, similar to the maximization of the firm's value in the case of corporations. The separation of management and ownership in the firm is made relatively more efficient by the existence of markets for shares<sup>38</sup>. Shareholders with diverse preferences (for instance with regards to the present and the future, and thus investment policies) can all agree on a common objective to be assigned to management: maximize the value of the firm. This is because they can sell their shares (or borrow against their value) in order to further all their personal objectives and consumption plans, making their time allocation of consumption independent of the investment policy of the firm. Since all shareholders can in this way separate their inter-temporal allocation of resources from that of the firm they own, the mandate given to the manager is quite like the mandate a sole owner of a corporation "gives to himself". Moreover the manager's success in attaining this objective is readily observable in the financial market and makes him "accountable" to his principals.

Not so in politics. There are several principals, as in the corporation, but their interests are conflicting because of the redistribution between them, and because they cannot exchange their "ownership rights" on a market, nor separate their consumption decisions (of public goods) from their "management" decisions. It follows that the mandate assigned to MPs and the government is ambiguous and the control of the government by voters is all the more important and necessary, but imperfect and difficult.

The right to vote is equally distributed among millions of people with a variety of different interests and ideologies, often contradictory. Consequently, the inability of this diffuse electorate to be motivated and empowered to discipline the professional management –i.e. the politicians- is great. It is even greater than in the corporation because the individual voter, contrary to the individual shareholder, cannot opt out at a very low cost by selling his shares. The vote with the feet option, by emigration, is also quite costly.

The severity of the control problem in politics explains in part the insulation of politicians from sanctions and from open political competition. As Benjamin Constant wrote:

*"Assemblies, however sectional their composition, are already far too inclined to develop a corporate spirit which isolates them from the nation"*

This echoes the well known analysis of Adam Smith about the propensity of producers, whose number is small and whose interests are homogeneous, to conspire against the interest of consumers.<sup>39</sup>

*"People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices. It is impossible indeed to prevent such meetings, by any law which either could be executed, or would be consistent with liberty and justice. But though the law cannot hinder people of the same trade from sometimes assembling together, it ought to do nothing to facilitate such assemblies; much less to render them necessary."*

To sum up, many factors increase the desirability of non representativeness: low information of the electorate, fragmentation of opinions and heterogeneity of the population, thus the high cost of decision making and the desirability of a majoritarian rather than proportional voting rule, and complexity and size of the state calling for extremely qualified managers, by necessity quite different from the average voter. All these factors decrease the control of voters on political managers, i.e. the competitive nature of the political market, and as a consequence the realism of the median voter model. Of course entrenchment of the politicians (“la non circulation des élites”) is also a realistic possibility: the absence of an equity market and takeovers increase the probability of entrenchment, as do all the factors which favour the incumbents.

In France the entrenchment and consolidation of all elites in a unique managerial class (both public and private) by the means of the dominant role of the State, and the monopoly access of “grands corps” (through a handful of schools benefiting from state enforced monopolies) to managing responsibilities in the state, and from that position to managing responsibilities in state-owned firms and quasi-private firms (firms subsidized by the state or controlled by public banks), obviously reduces considerably the competition in all submarkets for managers. This is still increased by the vertical integration of civil servants, union members and politicians into a unique managerial class: the controllers (the politicians) and the controlled (the civil servants) are the members of a same group characterized by a high degree of solidarity behaviour, and moreover because the civil servants have progressively invaded, under the Fifth Republic, the field of electoral politics (J.-J. Rosa<sup>40</sup>). This gives them much more power to further their own interests, to the detriment of voters, because they are both the deciders and the controllers, and results in a highly “managerial” regime<sup>41</sup> which tends to function for the exclusive profit of these groups (see also P. Némó)<sup>42</sup>.

This low degree of competition explains the durability of managers as politicians or heads of private firms, to a degree unknown elsewhere, and high levels of rents in these positions. This “managerial state” and “managerial capitalism” may explain the decreasing trust of the public in the elite.

The claim for representativeness in this context is equivalent to a demand for broadening the elite. But a broadening of the elite, in this imperfect competition setting, would mean that the rents would be extended to new “rentiers” members, not reduced overall but probably increased. This can well explain why the voters in general do not seem to be very interested in increasing representativeness, while members of interest groups are.

The remedies accordingly are to be found in competition increasing reforms and not in supposedly representativeness increasing quotas, because quotas reduce competition while possibly decreasing the level of competence of the Parliament. On the other hand efforts to increase the control of voters by increasing information will meet limits due to rational ignorance and rational non participation. These limits, however, will be pushed aside as far as the information revolution goes on, continuing to reduce the cost of information, a trend which, as explained above, will benefits individuals more than political hierarchical organizations.

The Novelli proposition is a first complementary step in the direction of increasing the degree of competition in political markets, but other legislations regarding nepotism, financing of candidates, etc. would also have to be implemented.

## Conclusion

In this paper we attempt to show first that non representativeness of the governing elite is pervasive and **does** matter in some circumstances, in terms of probabilities on the decision making process of laws. However, as far as the struggle for the right to manage the government is sufficiently competitive, non representativeness loses its importance because the competitive struggle for office compels parties and politicians to satisfy voters at large (and the median voter). The real question then is: how competitive is the market for political control to discipline the elected representatives?

In France, it appears to be very imperfectly competitive, limited to a small elite club, the entry into which is tightly controlled by its members. The growing availability of information (its steeply decreasing cost since the 70s) however, erodes the utility of hierarchical organizations in politics as well as in other sectors of the economy, and curtails the power of rent owners and rent seekers. If this trend becomes a reality in French politics, as it has done already in some other countries, non representativeness will increase, but it will not matter any more.

When the political market is imperfect, the demand for representativeness as an instance of rent seeking matters. Even if the electorate in general prefers, with good reason, to vote for competent politicians, in so doing it increases non representativeness, and groups and political parties push in the same direction because they choose MPs from their own category, because they can trust and control them more, through various inter temporal benefits links. Imperfect competition allows the formation of agency costs and political rents. It follows that interest groups want to partake in these rents and demand to be represented in the ruling elite, a position that yields rents. They present their plea in the more acceptable form of asking for more representativeness in general, in the name of democracy. But in practice more representativeness will grant them more say in defining policies to their advantage and will increase their power to grant “spoils” to faithful members of their group.

The way to more efficiency is not to increase these political rents (quotas), but to increase competition in political markets. If this is the case, then there will be less need to ask for representativeness and also less demand for that even though non representativeness will be increased. In other words open competition will replace rent seeking, and efficiency will be improved. Voters will get more control even though representativeness will decrease.

## Endnotes

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<sup>1</sup> X. (2002). Comment améliorer le travail parlementaire. (Paris : Institut Montaigne)

<sup>2</sup> As well as other measures, for instance, to remove the office plurality of the mandates to incite the deputy to devote himself entirely to the tasks for which he presented his

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candidature, and to help the deputies reinforcing the exercise of their legislative mission and the control of governmental action.

<sup>3</sup> This proposal has been adopted by the French Assembly in 2007. The MP who will not be reelected will benefit of his full “wage” during 5 years (that is, precisely, the time until the next legislature!).

<sup>4</sup> Mill J.S. (1861). *Considerations on Representative Government*, (The Liberal Arts Press, 1958)

<sup>5</sup> Buchanan, J. & Tullock, G. (1965). *The Calculus of Consent*. (Ann Arbor: University of Michigan Press)

<sup>6</sup> There is thus nothing antithetic to methodological individualism, in principle, in the matching of voters and MPs characteristics, which we call the “similarity” of political behaviour. The case of “pantouflage” i.e. MPs being hired by the special interest groups that they were in charge of monitoring and regulating when in the government, illustrates quite well the mechanism of inter temporal political exchange that may foster convergence between the behaviour of MPs and the preferences of their group of origin.

<sup>8</sup> The incumbent party leaders (who are also in the government) have the power to control the voting behavior of the MPs of their party through choosing the ranking of candidates on election lists. It is by this means that the government controls the party. We will discuss this point later on.

<sup>9</sup> Costa O. and Kerrouche E. (2007). *Qui sont les Députés français ?* (Paris : Les Presses de Sciences Po)

<sup>10</sup> The difference between the number of votes at election and numbers of seats at the parliament is the result of the two rounds electoral procedure. The political party who wins the election will have quasi-automatically the majority at the parliament

<sup>11</sup> Such an educational difference has also been observed in other countries.

<sup>12</sup> By “Professions” we mean occupations for which entry is restricted by a right to exercise delivered by the State and/or through a right to exercise on a certain area.

<sup>13</sup> “better” in the sense of according more closely to the preferences of voters.

<sup>14</sup> A French deputy.

<sup>15</sup> Similar proposals were made at that time with Charles Cova (December 18, 2002), and Jean-Claude Mignon (on January 30, 2003).

<sup>16</sup> Both the Senate and the Lower House

<sup>17</sup> We cannot use a passing bill at the parliament since MPs vote what the “party” has decided to vote, such that we cannot discriminate votes individually when looking at the results.

<sup>18</sup> A specificity of the French parliament is that bills proposed by the MPs are rarely submitted to a vote. The power of proposing laws is in the hand of the government.

<sup>19</sup> Which is the case with some exception when it does not change the results? This is known as the disciplinary vote in the party.

<sup>20</sup> If the government accepts to propose the bill.

<sup>21</sup> This is far from the constitutional and political reality as explained above.

<sup>22</sup> The new House paradoxically passed the bill on the repeal of death duties. This is in contradiction with table 8 which shows that the MPs who answered the survey were in majority against this bill! This shows the limits of our simulation. It is explained in footnote 28.

<sup>23</sup> Their “ideology” if we mean by this term a general vision of the preferred organization of society and polity.

<sup>24</sup> The odds ratio varies from zero to infinite. An odds ratio greater than 1 shows that an increase in the explanatory variable increases the probability, while, when less than 1, it

decreases this probability. The probability is equal to 0.5 if the odds ratio is equal to 1, above 0.5 if the ratio is above 1, and under 0.5 if the ratio is less than 1.

<sup>25</sup> See e.g. J.P. Kalt & M. Zupan (1984). Capture and Ideology in the Economic Theory of Politics. *American Economic Review*, June, 279-300

<sup>26</sup> See Tullock, G. (1998). *On Voting*. (The Locke Institute, Edward Elgar), or Mueller, D. (1996). *Constitutional Democracy*, (Oxford University Press)

<sup>27</sup> Maniquet, F., Morelli, M., & Frechette, G. (2006). Incumbents' Interests, Voters' Bias and Gender Quotas. Working paper, revised and re-submitted to the *American Journal of Political Science*. The authors of this interesting paper discuss the impact of the parity law and electoral systems and reveal that under the single-member-district majority rule, the incumbents' chances of being re-elected are improved by such a parity law, since electors (male or female) have a preference for male candidates. By contrast with Proportional Representation (election at the municipal level) the parity law works well. But the main lesson of the paper is that parity law has been passed very easily by the incumbent French MPs because this regulation favours their re-election.

<sup>28</sup> J. Buchanan & G. Tullock (1965) discuss this point in a different manner. They suggest a pure randomisation process through the two first letters of the surname, in order to eliminate the convergence of special interests in the parliament.

<sup>29</sup> Hanna Pitkin (op.cit.) mentions the work of Marie Swabey (1937) as one of the "most extensive attempt to identify representation with sampling".

<sup>30</sup> Mill, J.S. (1861) op.cit. p. 86.

<sup>31</sup> A. Downs (1957), p. 89.

<sup>32</sup> H. Demsetz (1982), *Economic, Legal and Political Dimensions of Competition*.

<sup>33</sup> R. Coase (1937) *The nature of the Firm*, O. Williamson (1975), *Market and Hierarchies*.

<sup>34</sup> E. Lazear and S. Rosen (1981), *Rank-Order Tournaments as Optimum Labor Contracts*.

<sup>35</sup> J. Schumpeter (1942), *Capitalism, socialism and democracy*, and G. Becker (1958), *Competition and Democracy*, were the two first authors to apply by analogy the concept of competition to the political process. A. Downs systematises this approach.

<sup>36</sup> See T. Kuran (1995), *Private Truths, Public Lies*, or B. Lemennicier (2001), *Collective Belief Formation and the Politically Correct Concerning Information on Risk Behaviour*.

<sup>37</sup> V. Pareto (1901) *The Rise and Fall of Elites*.

<sup>38</sup> Jensen, M. C. (2000) *Theory of the Firm: Governance, Residual Claims, and Organizational Forms*.

<sup>39</sup> A. Smith (1776). *The Wealth of Nations*, Book I, Chapter X, p.128.

<sup>40</sup> J.-J. Rosa (1997). *Les fonctionnaires, les politiques, et la démocratie*.

<sup>41</sup> As in firms when shareholders do not control the CEO. See Williamson.

<sup>42</sup> P. N emo (2004). *La double oligarchie de la V<sup>e</sup> R epublique*, S eminaire « Histoire du lib eralisme en Europe », CREPHE-CREA, Brochure n o26.

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