Risk, Efficiency, and Adaptation in Committee Decision Making

Committees are created in a variety of ways. Perhaps the most interesting from a purely philosophical perspective is the *voluntary* self-selected committee that forms without any jurisdictional, organizational, or membership restrictions. In more structured situations, however, such as those considered in this work, committee formation usually involves *delegations* of responsibility or authority. Such actions may be divided into two main categories:

1. Those in which one person delegates decision making to a few, or a few delegate to many.
2. Those in which many delegate decision making to a few (or to one).

In this book it is the latter of these two types of action that is of primary concern. Nevertheless, it will be helpful to consider briefly delegations to larger groups.

**Delegating from One to Few or Few to Many**

By definition, a committee arrives at decisions through voting or the counting of preferences. Thus the question of why a purely voluntary committee forms is really a question of why individuals choose to abide...
by a voting rule. The latter question in turn raises a number of fundamental choices that pit the use of a voting rule against alternative ways of achieving goals. The alternatives include direct bargaining, the use or threat of force, delegation of responsibility to an individual or group that is not a committee, or simply autonomous individual action or inaction. When an individual chooses to abide by a voting rule, he or she in essence delegates individual discretion to committee rule (i.e., from one to many). Motivations for participating voluntarily in committee decision making are similar to those elicited in an institutional context.

The delegation of decision making to a larger number of participants may seem the reverse of what legislators normally do, but it is an important option for most committee systems. Most of the states in the U.S., for example, have constitutional provisions that allow the legislature to use a voluntary referendum. The principal reason for individuals to expand participation in decisions is to reduce risk. When legislators choose to place a measure on the ballot (assuming it is not constitutionally required), it is usually to avoid the electoral risks of a legislative stalemate or the consequences of taking an unpopular position. Revenue and tax matters are frequent subjects of such procedures.

*Risk*. There are several specific risk-related reasons for enlarging the committee decision-making setting. In settings where deliberation is possible, a larger group may supply either additional alternatives, or more complete information regarding the consequences of various alternatives. Even where the quality of the information pool is not expected to increase, the referral of decisions to larger committees may have a symbolic advantage and help legitimize the decisions. Even when neither of the above advantages is apparent, delegating the decisions will buy additional time and perhaps cause a needed delay in the settlement of issues. Finally, given that the decisions may carry negative consequences of some magnitude, it may be appealing to shift or spread the risk. Legislators are noted for wanting to claim credit. They are not noted for wanting to take the blame. Nor are most other humans.

In most legislative committee systems, the need to reduce risk and delegate decisions to larger committees is satisfied by constitutional requirements or official legislative procedures. The full standing committee passes judgment on legislation forwarded by its subcommittees. Legislative proposals surviving the standing committee must be approved by a majority of the entire chamber in order to pass. In addition, a second chamber often rules on the legislation approved by the first
chamber. Within these general guidelines, legislatures do vary somewhat in their practices.

Most American legislatures allow committees the autonomy to sit on proposals indefinitely, although in a few states the committees are required to report out all legislation, with or without a favorable recommendation. In many states the party caucus is active and will pass judgment upon legislation considered by committees. In contrast, in many other states the party caucus seldom meets. In the parliaments of many nations, the standing or select committees are confined to the details of legislation. In the U.S., the standing committees are often the architects of legislation. These differences, however, should not overshadow the fact that risk reduction is a principal concern in any committee system.

**Adaptation.** The management of risk occurs in several different ways. A primary organizational means of managing risk is to make all major decisions subject to multiple review. When review procedures become standard practice, individuals in the organization will learn to take precautionary or anticipatory action. In a committee system such reviews are concluded in a committee vote. Thus the best way for a member to anticipate the action of a review committee is to poll its membership. A poll is a simulated vote.

Among seasoned observers of legislative politics, it is conventional wisdom that sophisticated legislators prefer to reduce the risk of defeat in a larger forum by first initiating polls of membership opinion. The party whips are best known for this function, but in American legislatures, where standing committees are strong, the committee chair and bill sponsors are often the poll takers. It is also common for lobbyists and newspapers to take their own polls. Obviously poll taking takes time and energy, and there is a limit to how much of it can be done.

**Delegating from Many to Few**

The central reason for delegating decision making to a smaller group or committee is to reduce the amount of time and energy it takes to arrive at decisions. The decision costs per member are reduced by initiating a division of labor and economies of scale. In the simplest of situations, the larger group assigns one or more tasks to a single committee that is composed of fewer members. The smaller committee is asked to specialize and to act according to one of the following guidelines:
1. Act with complete autonomy.
2. Ask for approval from the larger group for any decision that causes a change in the status quo.
3. Ask for approval from the larger group for all decisions.

The first alternative represents the most complete division of labor, since nonmembers of the smaller committee have no further responsibility for the tasks of the smaller committee. The second alternative is a halfway house, requiring approval from the parent group on decisions that create change—but on decisions to delay or block, only members who are on the small committee participate. The third and last alternative above represents a division of labor only in the sense that the members of the small committee may go into greater detail than those not on the committee.

Most American legislatures adopt the second guideline. The standing committees report back to the chamber only those legislative measures they approve. For the typical member the workload decreases from a consideration of all proposals to a consideration of proposals that are:

1. Assigned to the member’s standing committees
2. Reported to the floor from other committees
3. Not in the above but on the member’s personal agenda

To illustrate, assume a one-hundred-member chamber with one thousand proposals and twenty committees. A particular member has introduced ten bills and serves on three committees which together receive 150 (3/20) bills. Forty percent of all proposals in other committees reach the floor. The member must consider 150 bills in his three committees, plus 340 of the 850 bills in other committees, plus a small number of personal bills (e.g., 3 or 4) not included previously. In sum, the member must consider only slightly less than 50 percent of the legislation. The percentage would be reduced even further if each committee employed subcommittees.

The Decision versus External Cost Dilemma

Whenever a decision is made to reduce decision costs by reducing the number who must approve a decision, there is risk of increasing external costs (adverse repercussions). Buchanan and Tullock, in The Cal-
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Fig. 7.1 Theoretical Relationship between Decision Costs and External Costs

culus of Consent (1962), explore the nature of this dilemma and suggest that there may be some optimal level of approval that would minimize the sum of these costs. Buchanan and Tullock were concerned with broad questions of constitutional decision making; nevertheless, their thesis might be helpful if revised and refined to apply to legislative institutions. They distinguish between private decision costs, as illustrated above in our division of labor example, and interpersonal decision costs, which are decreased through economies of scale. They speculate that there is a direct curvilinear relationship between interpersonal decision costs and the number who must approve a proposal. In other words, in a group of fixed size, an increase in the fraction of members required for approval will lead to increases in interpersonal decision costs at an increasing rate. Reaching agreement becomes increasingly difficult as those who are less in agreement with a proposal must be added to form a winning coalition.

Buchanan and Tullock would suggest, however, an inverse cur-
vilinear relationship between external costs and the number who must approve. As the fraction who approve is increased, the external costs or adverse repercussions that will occur will decrease at a decreasing rate.

Buchanan and Tullock did not go into sufficient detail to explain why the above relationships are curvilinear. Greater discussion of these expectations will be taken up in the next chapter in relation to the specific aspects of legislative organization. Here it is sufficient to observe that when the two cost curves are curvilinear, one positive and one negative, and if in theory the costs are additive, then the curves can be combined to produce Figure 7.1; the figure illustrates an optimal point. On the graph, the point at which these two cost curves intersect would indicate an optimal approval level (total costs would be minimized). As the number who must approve is increased beyond the optimal level, for example, decision costs accelerate and external costs decline, but at a slower rate. The parabola represents the sum of decision and external costs at each point.

Problems in Application

There are a number of problems with the above thesis as it applies to legislatures. First of all, private decision costs—obtaining information about legislative proposals and making up one's mind—are a very important part of a legislative day. For example, in the survey of legislators of fifty states, the private decision costs, as measured by amount of time spent obtaining and understanding information about bills (first item in Table 7.1), were equal to the total of interpersonal time costs, which included finding out how other members felt about the issues and hammering out compromises (second and third items in Table 7.1).

A second problem in applying the Buchanan-Tullock thesis arises from the notion that external costs result only from decisions made. External costs can result also from decisions not made. Thus while it may seem to make sense to have large standing committees in legislatures to achieve greater representation and approval before sending legislation to the floor, such large committees may act sluggishly and suppress demands for action. These counteracting influences may be understood partly through the notion of risk. Legislators must weigh two types of risk: (1) the risk of making a change; and (2) the risk of maintaining the status quo. External costs can result from either choice.
Table 7.1  Committee Work Distributions in a Typical Legislative Day (in Hours)

Q. Of those hours you spend on committee-subcommittee work, how would you estimate they are allocated among the following activities?

<table>
<thead>
<tr>
<th>Type of Activity</th>
<th>All Members</th>
<th>Majority Members</th>
<th>Minority Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obtaining information about proposals in order to understand their content.</td>
<td>1.96</td>
<td>1.97</td>
<td>1.93</td>
</tr>
<tr>
<td>Finding out how other members feel about the issues (formal and informal discussions).</td>
<td>.82</td>
<td>.87</td>
<td>.72</td>
</tr>
<tr>
<td>Hammering out workable compromises with members of the committee(s).</td>
<td>1.10</td>
<td>1.13</td>
<td>1.02</td>
</tr>
<tr>
<td>Reviewing conduct of administrative agencies.</td>
<td>.50</td>
<td>.52</td>
<td>.46</td>
</tr>
<tr>
<td>Other committee work.</td>
<td>.24</td>
<td>.24</td>
<td>.25</td>
</tr>
<tr>
<td>Totals</td>
<td>4.62</td>
<td>4.73</td>
<td>4.38</td>
</tr>
</tbody>
</table>

a. Range of n = 1714-1923
b. Range of n = 1116-1221
c. Range of n = 598-672

A third problem in the application of the decision cost and external cost theme arises from the complexity of legislative committee organization. In other words, we cannot examine simply a single standing committee out of context and determine, say, its optimal membership size. Several other factors may have a bearing upon its optimal form, including the size of the legislative chamber itself, and the extent to which the committee utilizes subcommittees. The amount of legislation received by a committee should have a bearing also. Optimal committee size makes less sense than the notion of optimal committee system (or systems). These optimalities are explored in chapter 8.

A fourth problem in applying the above thesis is that most American legislatures labor under the condition of excess demand for action. The demands for time and action are likely to exceed greatly the capacity of the committee system to supply well-informed responses to all such demands. Under this condition, legislators have two organizational alternatives to attempt to meet the demand. The first is to increase the number of legislative workdays, either by mutual agreement or constitu-
tional amendment. The second is to improve the internal structure (committee organization, staffing, etc.) and rules for making decisions. The first alternative offers an increase in decision costs in exchange for additional benefits in outcomes. The results in chapter 6 would suggest that in practice such a solution falls far short of being Pareto-optimal. Many legislators would anticipate substantial increases in opportunity costs. Legislators who experienced more workdays tended to be less satisfied with the product of their efforts.

The second alternative, improving the internal structure, offers lower decision costs per item of business, but it probably will not affect total decision costs because of excess demand for action. In other words, efficiency advancements must be measured not in total decision costs but in improved outcomes.

**Adaptation**

When the risks of taking action are too high or the costs of inefficiency too burdensome, we would expect individuals to initiate some type of adaptive behavior. As mentioned earlier, to cut down on risk, legislators frequently will poll the views of members prior to taking formal action on legislation. To reduce decision costs, legislators have a number of alternatives. If they receive too many committee assignments, or if the committees are too large to work effectively, legislators may begin to miss meetings on a selective basis. If legislators are unable to evaluate thoroughly all the legislation that they must vote up or down, they may choose to ignore proposals of lesser personal value. Alternatively, they may find shortcuts for arriving at positions such as asking the opinion of a trusted expert or friend, or by respecting the wishes of the committee chair. The costs of information might be reduced also by ignoring minority party members' views, and legislators may choose not to bargain over legislation except in small subcommittees. Thus, there is a variety of individual and informal ways that legislators can employ to better accomplish their goals.

Legislatures have a formal structure and formal rules, the exact nature of which may have an impact upon the ability of legislators to achieve their goals. Inefficiencies may be remedied by changing the formal structure and rules, but if there is insufficient agreement as to what is necessary, legislators may very well improve their conditions by adapting their behavior in response to their particular circumstances.
Because of individual and informal adaptive behavior, formal organizational differences in legislatures will not have the impact that might be expected. Nevertheless, if conditions continue to worsen, as when the number of committees and committee assignments continues to expand in response to leadership incentives to hand out patronage, the members may institute a major reorganization of operating rules. The following chapters include specific consideration of formal and informal adaptive behavior.