The Ilchman-Uphoff Model of Political Economy: An Operational Research Design on Social Status

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This article attempts to operationalize for research purposes the analytical model developed by Warren Ilchman and Norman Uphoff in their book The Poltical Economy of Change (1969). *In this model the costs and benefits of policy choices are analyzed in the context of a market society. In order to maintain or improve their position, individuals and sectors exchange resources within and between three markets: the economic (in which money is the medium), the social (status) and the political (influence and coercion) markets. This article focuses on status as a political resource explaining the level of support for a regime; presents an analytical scheme for testing hypotheses about status; and proposes a research design identifying indicators of variables, data-gathering steps, and statistical tools for analysis.*

Focus on Political Economy

In The Political Economy of Change Warren F. Ilchman and Norman Thomas Uphoff[1] present a model of politics using conceptual tools and assumptions similar to those used in economics. Their aim is to provide the statesman with an analytical framework that would enable him to assess systematically and empirically the consequences of alternative policy choices in terms of potential costs and benefits. This would hopefully improve the efficacy of policy formulation, especially in developing countries where economic and political resources tend to be scarce. Applying

the economic concepts of marginal utility, diminishing returns, price elasticities of demand and supply, opportunity costs, etc., the model attempts to provide both projective and evaluative tools for ranking policy options.

In this article, I propose to recapitulate the main elements of the Ilchman-Uphoff model of political economy, to evaluate its empirical testability as well as explanatory power, and to present a design for operationalizing the status elements of the model and the research techniques and instruments that investigation of such elements would call for. According to the model, status is a social attribute that could be used and exchanged as a political resource. But like the more patently "political" resources of authority and legitimacy,

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[1]Warren F. Ilchman and Norman Thomas Uphoff, *The Political Economy of Change* (Berkeley: University of California Press, 1969).

status requires operational specification to be of practical value to the empirical investigator as well as the policy-maker.

Elements of the Ilchman-Uphoff Model

Much of the conceptual vocabulary of the model, based for the most part on the economic theory of exchange, is laid down in the first and second chapters. The authors acknowledge their conceptual debts to other political and social scientists — including Easton, Almond and Powell, Apter, Parsons, Shils, Eisenstadt, Deutsch, etc. — whose ideas they have further refined and incorporated into their model. For example, the authors treat the state not just as an allocative organization, as Almond and others do, but also as a productive enterprise akin to an economic firm. Some of its products include political stability, participation or maximum feedback. The statesman and, in general, policy-makers, are therefore viewed as political entrepreneurs responsible for deciding on political investments, i.e. setting up priorities and using available political resources for productive policies.

In Ilchman and Uphoff's model, political resources are things of economic, social and political worth, such as economic goods, services, status, authority, information and coercion, which the regime uses or exchanges with sectors (groups) to pressure or alter the existing allocation of resources in society. These resources serve as the political factors of production. Regime and sector resources are viewed as a "flow" rather than as a "stock". This is to highlight the dynamic or continuous nature of political production and interaction. The authors emphasize that an allocation of resources exists at a given point in time, but allocations change over time as flows change in magnitude and direction. Thus the flow of resources and the relative and absolute changes in resource allocation over time constitute the heart of the political process.

The social interactions that take place within the political sphere are described as political exchange. The behavioral predispositions of groups in these exchange are labeled as propensities. The authors' choice of concepts tends to focus on the production rather than consumption aspects of the political process.

Underlying this model of politics is a picture of society as composed of three markets: the political, the social and economic markets. In each market, exchanges take place between persons, between groups or sector, and between these and the political regime. Of the three markets, the economic, where goods and services are exchanged, tends to be the most tangible. Status is exchanged in the social market while authority and ligitimacy are exchanged in the political market. Money is the medium of exchange in the economic market while influence and threats of coercion are the currency used by the regime when trading off authority as a commodity.

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Individuals and sectors bargain and make exchanges in one market to maintain or improve their markets as well. They may use their resources from one market to achieve goals in another market. Whenever resources gained in the political market are used to maintain or alter the allocation of resources in the economic and social markets, such exchanges become "politicized." The political market is the most influential of the three markets as the regime or authorities within it can use their available resources, such as authority to regulate the flow and allocation of resources in the other markets. Figure 1 shows the relationship of the three markets in society.

The arrows represent the flow of resources in the exchanges from one market to another. It may be seen that the political market is not autonomous but tends to be an arena where various social, economic and political forces interact in negotiations for the transfer of resources. The authors also conceive of a central political market where the exchanges have prices or standards that apply nationwide, although the participants may represent only a small segment of the population. Exchanges of resources also take place in peripheral markets that are smaller, more limited in scope and function, and operate more or less on a subsistence basis.[2]

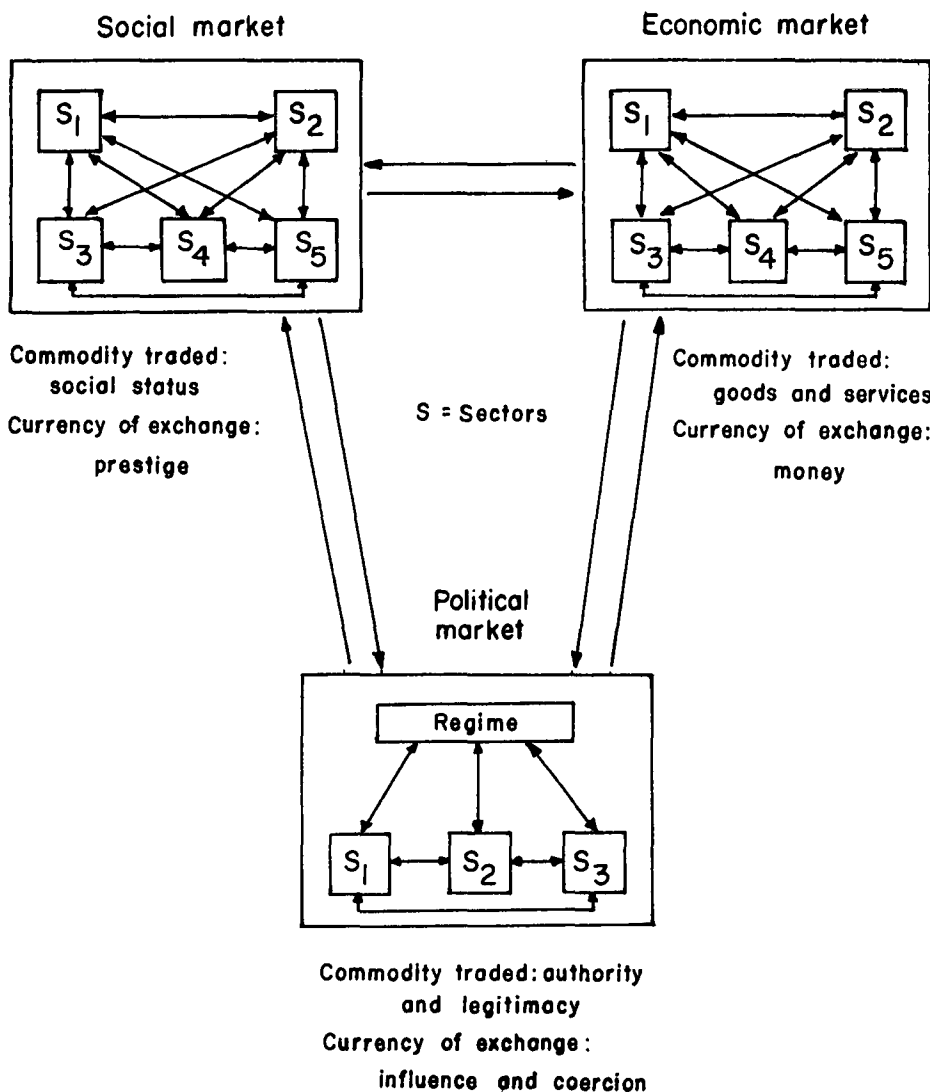Participants in the political market tend to differ in their exchange posi-

tions because of variations in stratifications and in holdings of resources. Five types of sectors or groups are identified with respect to their weight or influence on regime policies. Starting from the most to the least influential, these sectors are: core combination (elite?), ideological bias, stability group (acquiescent sectors), extra-stability group, and unmobilized sectors. Foreign governments are also considered as separate sectors that may participate in political exchange.

The authors argue that for policies to be effective, the statesman should be able to make use of all available knowledge or information on sectors' demands, resources, parameters, and propensities vis-a-vis information on regime resources. Such knowledge should provide a basis for determining cost/benefit requirements of alternative policies. Potential costs and benefits could be gauged by comparing the price elasticities of the supply of and demand for the resources involved, and the marginal utility as well as opportunity costs of making political investments. A table of political "infrastructure" inputs and outputs is presented in the book as a tentative guide for the statesman in calculating direct and indirect costs benefits entailed by various political investments on infrastructure.

The rest of the chapters deal with the application of the model in the analysis of such problems as political resources, exchange, inflation and deflation, resource management, re-

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2*Ibid.*, p. 95.

Figure I. Political Economy Model of Society

Social market

S₁ ↔ S₂
S₃ ↔ S₄ ↔ S₅

Commodity traded:
   social status
Currency of exchange:
   prestige

S = Sectors

Economic market

S₁ ↔ S₂
S₃ ↔ S₄ ↔ S₅

Commodity traded:
   goods and services
Currency of exchange:
   money

Political
market

Regime

S₁ ↔ S₂ ↔ S₃

Commodity traded: authority
   and legitimacy
Currency of exchange:
   influence and coercion

source accumulation, and political and administrative infrastructure.

Appraisal of the Model

Ilchman and Uphoff argue that in evaluating this model, one must bear in mind that:

> A model of politics, not a theory of politics is developed in this book. One cannot ask: "Is it true?" Rather one must ask: "Does it give insights into political phenomena? or Does it provide analytical power for making evaluations and predictions?"[3]

Undoubtedly, the model provides innumerable insights into political phenomena in developing countries. By focusing on the interplay of social, economic and political forces as resources or costs in policy analysis, the model provides a more dynamic picture of the determinants of choice and change in developing countries. It presents a reasonable explanation for the inadequacy of policies prescribed by economists and the inability of macro-theories of development advanced by political scientists to offer more practical help to policy-makers in developing countries. Their input-output matrix of costs and benefits for particular political investments is a useful framework for analyzing policy options.

The second criterion proposed by the authors for evaluating the model involves the problem of the extent to which the model can be empirically tested. This includes the difficult challenge of measuring the values involved

in their concepts. As Figure 1 suggests, the model as a whole cannot be empirically tested because it is insufficiently specified. At the same time, the model is not necessarily applicable in different situations. Even the authors' diagram on regime-sector relations in the political market, which is reproduced in Figure 2, shows what may be called a non-recursive type of model, i.e. one that need not fit the structure of all types of politics. Aside from suggesting a neat functional division of sectors, the model also includes feedback processes that may not be found in highly-centralized polities where communication is for the most part unidirectional (i.e. "top-down"). One can argue, of course, that the feedback involved is not instantaneous but "eventual".
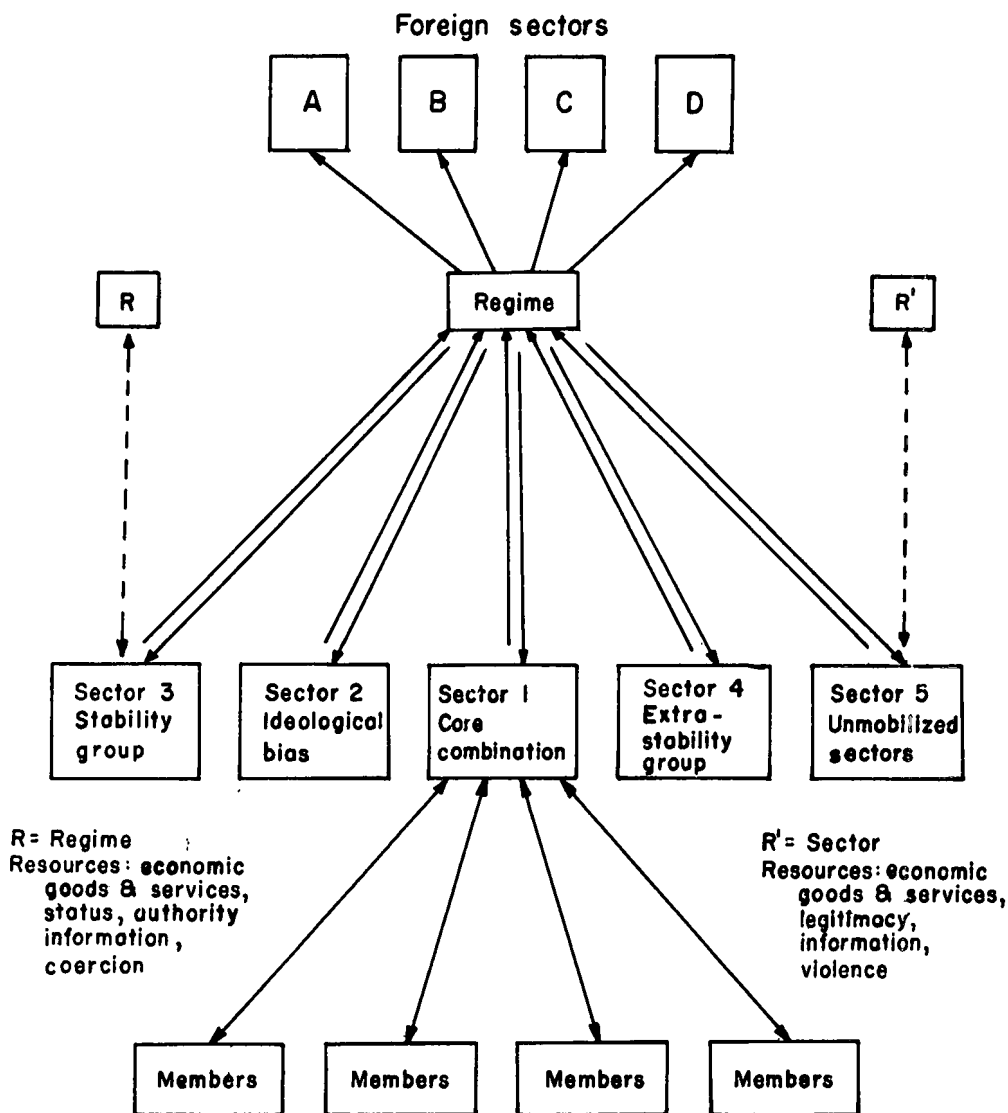
Due to the all-encompassing scope of its subject matter, on the other hand, the very effort of the authors to disaggregate their model leads to the inclusion of too many variables and too many unknowns. The authors argue that one advantage of their model is that it permits deliberate disaggregation of the political community in terms of sectors, thus facilitating the measurement of separate flows of resources.[4] One can therefore test its usefulness in analyzing specific policy needs.

Where economic resources are involved, i.e. goods and services, the cost/benefit evaluations of policy options could be more easily done since

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[3]*Ibid.*, p. ix.

[4]*Ibid.*, p. 278.

Figure 2. Regime – Sector Relations in the Political Exchange Process

Foreign sectors

| A | B | C | D |

R   Regime   R'

Sector 3   Sector 2   Sector 1   Sector 4   Sector 5
Stability   Ideological   Core   Extra-   Unmobilized
group   bias   combination   stability   sectors
                                                      group

R = Regime
Resources: economic
   goods & services,
   status, authority
   information,
   coercion

R' = Sector
Resources: economic
   goods & services,
   legitimacy,
   information,
   violence

| Members | Members | Members | Members |

Source: After Ilchman and Uphoff, op. cit., pp. 43 and 45.

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there are definite units of measurement, e.g. prices, wages, man-hours. These pieces of information can often be derived from available statistical data. This type of policy analysis and evaluation is in fact being carried out in contemporary financial management in many developing countries through the technique of program or performance budgeting and auditing.

It is in the specification and measurement of non-economic resources such as authority, support, status, legitimacy, coercion, etc. for cost/benefit analysis where the model becomes difficult to operationalize. There is, to begin with, hardly any data about the nature of these resources in developing countries. Much as the authors hope or wish that their model could provide a basis for evaluating and predicting policy choices, it seems that much investment in research time, energy and resources for basic data-gathering will have to be made before this kind of analysis could become possible.

Status as a Political Resource

The influence of status as a resource in the political process may be used to illustrate some of the methodological problems in testing part of the model. Status is defined by the authors as "position in the hierarchy of social prestige."[5] It is considered as a link in political economy between objective behavior and subjective values and norms. While status is a group attribute, prestige is conferred upon an individual belonging to a group or class. Prestige is defined as "a social currency that represents a claim on esteem and deference."[6]

The gratifications associated with higher status tend to make it an incentive for political activity. The authors note that the competition for status in developing countries is particularly acute because of changing and new roles accompanying development. Ascribed status tends to decline in importance as achievement becomes the criterion for getting into occupational roles. They hypothesize that changes in status involve shifts of other resources such as wealth and authority, and, therefore, tend to have political consequences.[7] Status is also linked to behavioral orientations or propensities, e.g. higher status sectors are more likely to refrain from immediately or directly engaging in violence and coercion than lower status sectors.

Implied in this discussion of status is the positive relationship between higher status and tendency for increased support for the government, hence increased stability for the regime and less use of coercion. The regime ultimately saves on the cost of using coercion, i.e. the cost of maintaining a large police or military organization. Thus, a regime may want to alter status allocation in society which is normally determined by prevailing social norms and values.

[5]*Ibid.*, p. 60.
[6]*Ibid.*, p. 64.
[7]*Ibid.*, p. 62.

Figure 3· Policies Reallocating Status and Effects on Support
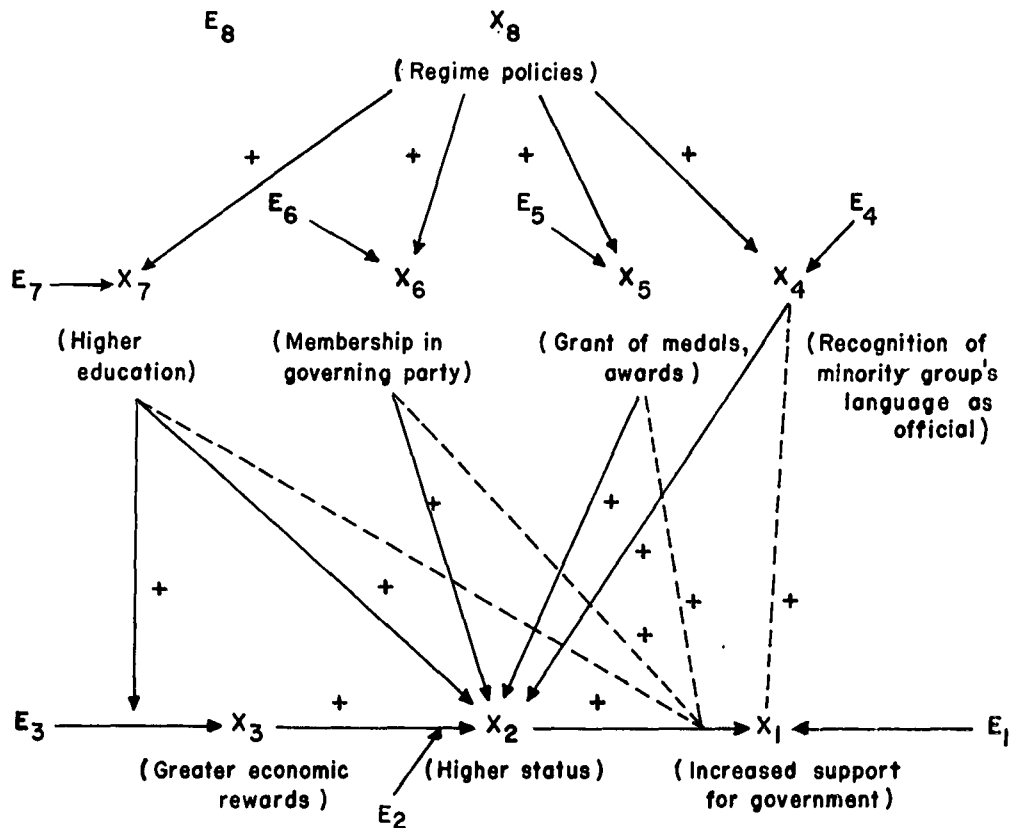
Equations according to original model (Solid lines):

$$X_8 = P_{8E}E_8$$

$$X_7 = P_{78}X_8 + P_{7E}E_7$$

$$X_6 = P_{68}X_8 + P_{6E}E_6$$

$$X_5 = P_{58}X_8 + P_{5E}E5$$

$$X_4 = P_{48}X_8 + P_{4E}E_4$$

$$X_3 = P_{37}X_7 + P_{3E}E_3$$

$$X_2 = P_{23}X_3 + P_{24}X_4 + P_{25}X_5 + P_{26}X_6 + P_{27}X_7 + P_{2E}E_2$$

$$X_1 = P_{12}X_2 + P_{1E}E_1$$

If dotted lines are included, the last equation would be:

$$X_1 = P_{12}X_2 + P_{14}X_4 + P_{15}X_5 + P_{16}X_6 + P_{17}X_7 + P_{1E}E_1$$

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Ilchman and Uphoff argue that a regime can affect status allocation by controlling access to higher education, conferring membership in the governing party, grant of awards, medals, etc. to individuals, or recognizing a minority group's language as official. The causal relationship between these processes and increased status and support may be seen in Figure 3.

The diagram shows various paths to higher status and increased support for the government or regime as derived from the model (solid lines). The effect of the different independent variables (X_7 to X_4) on status (X_2) and support (X_1) could be determined by using methods of multiple regression and path analysis in analyzing available data. Ilchman and Uphoff's theory may also be represented as a system of simultaneous equations.

In Figure 3, P_{78}, for example, is the coefficient of the path to variable X_7 (higher education) from variable X_8 (regime policies). The E's stand for the exogenous variables, i.e. variables that affect one or more of the X's but are not themselves affected by any of the X variables. Variable X_1 summarizes the combined effects of all the other variables (government policies) and exogenous variables on increasing support for the government.

Included in Figure 3 are alternative paths (dotted lines) which the authors failed to consider as possibilities. For example, the model suggests that higher education tends to bring higher status and also greater economic rewards. The path to increased support may originate directly from higher education to higher status or mediated through increased economic rewards. Alternatively, higher education may lead to higher status but at the same time may generate greater opposition instead of support, as in the case of unemployed intellectuals in developing countries. This amounts to saying that P_{87} in the equations might be zero or negative in some countries.

Proposed Design: Research Techniques and Indicators

In designing the research to test this part of the model, one could start by reviewing available literature on empirical studies of political and bureaucratic elites in various countries. Sociometric techniques have been developed and used in some of these studies to measure social distance and social status. These could give useful guides in designing an intensive sociometric type of survey research using both questionnaire and interview techniques. Historical data could be used for background information on relevant government policies.

Some indicators of high social status that may be used are: occupation of appointive and elective positions in government; occupation of honorary posts in government; and leadership in civic, professional, economic and religious organizations. Indicators

of individual support for government may include giving up a lucrative position or professional practice to serve in government posts where remuneration may be lower than previous incomes; expressing public support for government policies; voluntary work for certain government projects; leading or joining mass rallies and demonstrations in support of government-sponsored bills in Congress or Parliament, etc. Indicators of general public support of government may be statistics on voting, on compliance with laws, especially tax laws; participation in government-sponsored self-help projects, etc. Literature on attitude and public opinion surveys may be consulted for other ideas on indicators of support for government. Some kind of scoring or scaling method could be devised to assign weights to these various indicators.

The final indicators could be incorporated in both questionnaire and interview schedules for data-gathering. Actual data-gathering will have to be carried out in a developing country such as the Philippines, for example. The first step would be to determine and list down names of individuals with high social status based on the indicators used. In the Philippines, this would include Cabinet members, i.e. secretaries and undersecretaries of departments; directors and assistant directors of bureaus and government corporations; members of the various *Kilusang Bayan*, *Sangguniang Bayan* and the *Sanggu-*

niang Pambansa; leaders of labor, peasant, professional, economic, religious and civic organizations; and leaders of the mass media, i.e. newspaper publishers and editors, etc. Individuals who received awards from the government for the past five years could also be included. The list could be derived from government directories and newspapers.

The list may include from 300 to 500 names. Grouping the names into occupational categories (administrators; legislators; civic leaders, etc.) the investigator could draw a stratified random sample of about 100 names. These names could be included in a sociometric type of questionnaire that would be administered to a random sample of the population in Metropolitan Manila. Regional variations in population characteristics are fairly represented in this metropolitan area and it also contains the bulk of the country's educated and newspaper-reading public. The questionnaire should include multiple-choice types of items on the various indicators of social status. Respondents should also be asked to rank the sample of 100 names according to social status or prestige. A sample question on status or prestige ranking would be:

(1) If you were asked to pick a guest speaker for your community celebration of Independence Day or National Heroes' Day, who of the following would you invite? Please indicate your first choice, second choice, etc.

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_____   _____

A category of response, "others," should also be included where the respondent is allowed to suggest other names. A follow-up question may be:

> (2) Please give reasons for your choice of speakers. Indicate 1 for the most important reason, 2 for the second most important, etc.
> ——— More people will be attracted to participate in the celebration.
> ——— He is an important man in the country or community.
> ——— He is knowledgeable.
> ——— He is respected by government officials.
> ——— Others: Please specify.

Data from these questionnaires could yield correlations between social status indicators and prestige-ranking of individuals; between prestige-ranking and occupational roles; and between other pairs of relevant variables. These correlations could then be used to measure the concept of status and prestige. The questionnaire should of course be pre-tested, using a smaller sample in order to find out which of the items are vague and which of the selected indicators tend to form more coherent measures of the concept.

A separate questionnaire should be constructed for individuals included in the list of high social status. Items should yield data on the socio-economic background of the individuals, such as regional origin, parents' educational and income levels, respondent's educational attainment, career advancement, political party affiliation, etc. Follow-up interviews could be made to determine time-sequences in relation between educational attainment, career patterns and views on government support. The indicators of government support could be used as a basis for constructing the interview schedule.

The records of educational agencies could also be consulted to determine recipients of government scholarships in universities within or outside the country since 1950, in order to determine or trace the correlation between higher education and career advancement. Information may then be gathered as to the proportions of grantees who joined the government services, became successful entrepreneurs, professionals or civic leaders, or were lost to other countries by way of the "brain drain". The choice of the year 1950 coincides with the aborted Socialist-Communist-inspired uprising in Central Luzon. The data from this would, therefore, be expected to show to what extent the government used the strategy of reallocating status in the affected provinces to reduce dissidence and increase support for its policies.

Data from these different surveys could be computer-analyzed to determine measures of association, correlation and path coefficients between the independent and dependent variables. If the correlations and path analysis yield consistently significant and positive coefficients and can explain most of the variance found, the model could be accepted as providing a valid explanation of the phenome-

non. If on the other hand, some of the correlations and path coefficients are insignificant or negative, then alternative explanations may have to be tested. Some of the original variables may have to be eliminated from the model. It may turn out, for instance, that higher education may lead to higher status but not increased support for the government. This is represented by the problem of unemployed graduates in developing countries. They may become leaders of radical opposition groups.

That regime policies can affect status allocation and hence prestige in social exchange and influence in political exchange may be seen in a recent-study by Perla Makil[8] of local and national influentials in the Philippines. The study is actually a replication of an earlier research done in 1969-1970 to identify reputedly influential individuals at the local and national levels and their perceptions of areas of influence in national and local affairs. Using the panel or reputational approach and intensive interviews, the inquiry showed that the declaration of martial law in the Philippines had significantly reduced the number of national influentials compared with those identified in 1969-1970. Moreover, the topmost members of the 1975 group were almost all government officials. Of the national influentials reported in 1969,

60% were no longer in the 1975 list. About 65 of the 268 names no longer in the list were politicians, i.e. former Congressmen and Senators. Surviving politicians had moved to some other influence base, e.g. the economic field or the professions.[9]

These changes in the composition of national and local influentials are traceable to changes in policies brought about by martial law, e.g. the suspension of the national legislature, the suspension of the publication of newspapers and other forms of mass media, and government takeover of the business enterprises of certain economic influentials.

The paths from specific regime policies to changes in status are relatively easy to determine and measure using existing research techniques. However, it is apparent from this attempt to operationalize part of Ilchman and Uphoff's model that it is difficult to assign quantitative values to increased support in order to determine the relative gain or loss from political investments, i.e. from expenses for higher education, agrarian reform, etc. The analysis made between money in economic exchange and the currency of prestige in social exchange and influence in political exchange is difficult to apply because

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[8]Perla Q. Makil, *Mobility by Decree: The Rise and Fall of Philippine Influentials Since Martial Law,* Final Report, Vol. I, (Quezon City: Institute of Philippine Culture, Ateneo de Manila University, 1975), pp. 51-59.

[9]Members of the mass media profession no longer appeared as frequently as they did in 1969. About 75% of the mass media men found in the 1969 list disappeared from the 1975 list. Newcomers to the list of national influentials include 54 names or 38% of the total in 1975. The list of local influentials also showed a significant turnover in membership. ·

of the problem of measurement. This seems to be true for other intangible resources as well such as authority, legitimacy, etc. In their last chapter, Ilchman and Uphoff admit that valuations cannot be arrived at mathematically because there are likely to be too many unknowns.[10] For this reason, precise prediction on the basis of the model is still not possible. Until adequate measures and sufficient information on these resources are developed, political economy can at best provide a descriptive analysis of the political process in developing countries. Hopefully, however, empirical research such as this article has proposed would lead to greater precision and predictability in policy and political analysis.

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[10]Makil, *op. cit.*, p. 278.