

Politics and the pursuit of fame *

TYLER COWEN

Department of Economics, George Mason University, Fairfax, VA 22030-4444, U.S.A.

and

DANIEL SUTTER

Department of Economics, University of Oklahoma, Norman, OK 73019-2103, U.S.A.

Accepted 20 April 1995

Abstract. Humans strive after fame, especially in politics. We construct a model in which the executive is motivated by fame as well as the desire to hold office. The fame of an executive is based on his or her achievements relative to all prior executives. Periods of great uncertainty for a nation make politicians more likely to pursue fame rather than reelection. We show that fame incentives weaken as a country ages. If politicians are wiser than the median voter, then the pursuit of fame by politicians improves welfare, and the diminution of fame incentives over time causes national decline.

As the War for Independence enlarges the provincial stage upon which they act their roles to that of a world theater, the greatest of the great generation develop an almost obsessive desire for fame. They become fantastically concerned with posterity's judgment of their behavior. And since they are concerned with the image that will remain in the world's eye, 'that love of fame which is the ruling passion of the noblest minds,' to quote Hamilton, becomes a spur and a goad that urges some of them to act with a nobleness and greatness that their earlier careers had hardly hinted at.

Douglass Adair (1965: 7–8)

1. Introduction

Men and women enter politics for a variety of motives: to attain wealth, to promote the public welfare, to secure the perquisites of office, to change society,

* We gratefully acknowledge the helpful comments of William Boyes, Amihai Glazer, Kevin Grier, David Moon, Marc Poitras, Alex Tabarrok, Mokhlis Zaki, participants at the 1993 Southern Economics Association meetings, 1994 Public Choice meetings, 1994 European Public Choice meetings, the Public Choice Center at GMU, and an anonymous referee. The usual disclaimer applies.

and to achieve fame. The economic approach to politics emphasizes that political actors pursue their self-interest, modelled as utility maximization. Too often utility maximization is transformed into wealth or vote maximization without consideration of other motives. We show how testable predictions can be derived from an analysis of one of these other motives; namely fame.

Social scientists have long recognized that human beings seek fame. In the eighteenth century social theorists treated recognition as a stronger human motivation than profit. Adam Smith and David Hume, two of the fathers of economic science, placed great stress on the pursuit of approbation from our fellow men. Yet this earlier tradition has been largely neglected by modern economics.¹

Politics is a fertile ground for achieving fame, which we treat as approbation earned at a national or global level. Many of the most famous Americans are past presidents. Historians and political scientists have noted the tendency of politicians and statesmen to seek their place in history and keep an eye on the judgment of posterity.

The desire for fame appears to have motivated America's Founding Fathers to look beyond their narrow self-interest and take actions to benefit subsequent generations (Adair, 1974). Politicians of our day, in contrast, seem less concerned with fame. Many commentators have remarked on the malaise of contemporary American politics: a lack of leadership or innovative solutions to ongoing social problems, an unwillingness to offend special interests or break the 'gridlock,' and an inability to look beyond the next election or opinion poll. Today's political time horizon is very short.

We build a model which incorporates fame as an incentive for policy makers. A president achieves fame by choosing a policy which deviates from current popular opinion, and is subsequently revealed to have been the correct course of action. Changes in fame opportunities, in our model, operate through changes in the relative component of fame, not the absolute component. The relative component of fame refers to the approbation received by the best president(s), compared to their predecessors, rather than to some absolute measure of achievement. Politicians derive utility from both fame and from holding office, and rationally decide whether to pursue fame. The pursuit of fame prevents the convergence of policies to the median voter's ideal point. Once politicians are elected they need not maximize the probability of reelection, and may thus neglect the wishes of the median voter to some degree.

We show that, as a nation ages, politicians find it increasingly difficult to achieve fame.²The previous accomplishments of the greatest presidents makes the achievement of fame by the current president more difficult. As a

result, the pursuit of fame becomes rare even though the desire for fame is undiminished.

Fame is possible for a president only when opinions strongly differ about the correct policy for the nation. Times of exceptional peril (e.g., war, depression) present a greater challenge to a nation and a wider variance of opinion regarding proper policy (Schlesinger, 1948; Laski, 1972: 52). The most famous statesmen have led their nations in troubled times: Washington, Lincoln, Churchill, Roosevelt. Convergence of political opinion forecloses fame opportunities and induces politicians to pursue reelection instead. We label this Calvin Coolidge's Curse.

The pursuit of fame by politicians does not necessarily improve welfare. Fame-seeking lowers the political discount rate, but may have either positive or negative effects. Fame-seeking is likely to be beneficial only if politicians are systematically wiser than the median voter in identifying the proper policy. Politicians may make better decisions through superior education and skills, or decision-makers may have private information they cannot credibly reveal to the public (Green, 1993). In this case the weakening of fame incentives over time implies the steady deterioration of performance for a nation; our theory offers a rival to Olson's (1982) interest group theory of the decline of nations. Conversely, if politicians make inferior decisions, the diminution of fame incentives decreases the incentive for irresponsible policy-making. A lower discount rate still encourages politicians to take greater account of the future, but now this greater concern spreads error rather than wisdom.³

We examine fame only as it relates to action by politicians, and only at the highest office. A more general integration of fame-seeking in other situations is beyond the scope of this paper, but the means of modelling fame developed here could be applied in other contexts, such as sports, the arts, and scientific research.⁴

2. Fame in a model of politics

Our model focuses on the policy choices of a chief executive; the natural interpretation involves a president just elected to office. The current president is referenced with the superscript p . We present the simplest model which allows the effects of fame seeking to be demonstrated. The underlying policy space Y is single-dimensional; assume Y is the real line. At the beginning of her term in office the president chooses $y^p \in Y$ to implement during her administration. The president is not bound in this choice by any promises made during the campaign and cannot adjust y^p subsequently during her administration; in particular she must run for reelection on this record.⁵

We assume all individuals have the same preferences regarding the goals of government policy, but differ in their views of the appropriate means. In this context an individual's ideal policy is the policy he believes maximizes expected welfare. Individuals differ in the information they possess and their ability to analyze information, so a divergence of opinion exists regarding the best policy for government. Voters are distributed along the real line. Let $y^m \in Y$ be the median of this distribution.

The median of the distribution of ex ante preferences is not necessarily the best policy for government to implement. Assume the ex post correct policy for government during this administration will be revealed to be either y^m or some alternative policy $y^a \in Y$. The policy revealed correct ex post is designated y^* . The president also makes her policy choice y^p from the set $\{y^m, y^a\}$. The specific values of y^m and y^a may differ from administration to administration. Let Θ be the probability that the median voter's policy position is correct, $y^* = y^m$. Current American politics illustrates the potential clash between the preferences of the electorate and the best course of action. Most policymakers (and economists) strongly believe that our savings rate is too low, that our educational system needs reform, that government deficits are too high, and that Social Security should be restructured. Nonetheless the policies that promote these ends entail short-run costs and wealth redistributions; such policies are often strongly opposed by the median voter.

The president in our model receives utility from holding office and fame. The utility function of the president is separable and is written

$$U(Q, F) = u(Q) + v(F) \quad (1)$$

where Q and F measure the present value of holding office and fame respectively.

The present value of holding office includes the nonpecuniary benefits of office and current evaluations of presidential performance (praise and scorn in the media and from the public).⁶ Let u represent the value of holding office in the next term; $u > 0$. The probability of reelection is a decreasing function of the difference between the policy he chooses and the median voter's ideal point. The value of y^* is not revealed until after the next election, so even if the president chooses better than the voters, the superiority of the politician's information is not clear until the future. The probability of reelection for president p is given by $g((y^m - y^p)^2)$, where $g' < 0$. The present value of holding office for president p can be written

$$u(Q^p) = u \cdot g((y^m - y^p)^2) \quad (2)$$

Let $\alpha = (y^m - y^a)^2$, $g_0 = g(0)$, and $g_\alpha = g(\alpha)$. The symmetry in the form of (2) is for analytical simplicity. As the president's policy deviates from y^m

(which may involve breaking campaign promises), criticism rises and the prospects of reelection (or election of a chosen successor) decline.⁷ Voters mete out electoral punishment to fame-seeking incumbents for at least one of two reasons. Either the citizenry precommits to retrospective voting with some probability, or the electorate uses observed political behavior to draw inferences about how strongly a candidate desires fame.⁸

We assume that elections are set at a fixed term, as in the United States. Allowing incumbents to choose the date of the election does not alter the basic analysis, provided that the election cannot be postponed until fully correct ex post information about policies is revealed.

We assume presidents pursue fame rationally, that is, they consider the relevant opportunity costs in making their policy choice y^p . Although it is impossible to know with certainty how future historians and citizens will rate a president, politicians do form a relevant expectation by considering how daring a policy she chooses, the diversity of opinion at the time, and the fame of previous successors.⁹

We model fame in two stages. First, the president earns a fame rating based upon the median voter's ideal point, her actual policy choice, and the ex post correct policy. The fame rating of president p is given by

$$f^p = f(y^p, y^m, y^*). \quad (3)$$

Our simple model allows the structure of $f(\cdot, \cdot, \cdot)$ to be illustrated clearly. Since $y^p \in \{y^m, y^a\}$ and $y^* \in \{y^m, y^a\}$, for fixed $y^m \neq y^a$ there are four possible cases to consider:

- 1) $y^p = y^a, y^* = y^a$. The president deviates from the ex ante median voter's position and is revealed *ex post* to be correct;
- 2) $y^p = y^a, y^* = y^m$. The president deviates from the median voter and in retrospect makes the wrong choice;
- 3) $y^p = y^m, y^* = y^m$. The president follows the median voter and is *ex post* revealed correct;
- 4) $y^p = y^m, y^* = y^a$. The president follows the median voter and is *ex post* revealed incorrect.

Case 1 results in the highest fame score (given α) since the president acts against contemporary public opinion to benefit the nation. On the other hand, Case 2 produces the lowest fame score since the average citizen knew better than the president. We impose then the following order on the fame scores:

$$f(y^a, y^m, y^a) > f(y^m, y^m, y^m) \geq f(y^m, y^m, y^a) > f(y^a, y^m, y^m), \quad (4)$$

for given $y^a, y^m \in Y, y^a \neq y^m$.

The fame score of the president also depends upon the diversity of opinion, which is measured by α in our model. The truly famous politician performs

beneficial acts that are true innovations. When α is near zero, there is little divergence of opinion concerning the correct policy. When the president correctly (ex post) deviates from the median voter, her fame score is an increasing function of α . Conversely, when the president incorrectly deviates from the median voter, her fame score decreases as a function of α .

The second part of our treatment of fame involves determining the amount of relative historical fame a president earns based on her absolute fame score. Suppose n presidents have preceded p . Let f^1, f^2, \dots, f^n be the fame scores of each prior president, determined for each according to the function in (3), based on y^p, y^m , and y^* for their administration. For each i , define the indicator δ_i as follows:

$$\delta_i = \begin{cases} 0 & \text{if } f^p \geq f^i, \\ 1 & \text{if } f^p < f^i. \end{cases} \quad (5)$$

The rank of president p is

$$R^p = \sum_{i=1}^n \delta_i. \quad (6)$$

The best possible ranking is $R^p = 0$, with higher rankings indicating poorer relative standing. Further below in Section 4, we consider how the results are changed if fame rankings are drawn, not from the entire pool of predecessors, but rather only from some subset thereof.

The president can choose $y^p = y^m$ or $y^p = y^a$, but does not know y^* when this choice is made. Let π be p 's subjective belief that $y^* = y^a$. The president's expected utility of choosing $y^p = y^m$ and $y^p = y^a$ respectively is

$$u \cdot g_0 + \pi \cdot v(F^p(y^m, y^m, y^a)) + (1 - \pi) \cdot v(F^p(y^m, y^m, y^m)), \quad (7)$$

$$u \cdot g_\alpha + \pi \cdot v(F^p(y^a, y^m, y^a)) + (1 - \pi) \cdot v(F^p(y^a, y^m, y^m)). \quad (8)$$

We say that the president *pursues fame* if she chooses $y^p = y^a$.

3. Predictions of a fame-seeking view of politics

We now specify a particular form of fame incentives and derive several results given this specification. Assume: (a) fame is based entirely on the president's ordinal ranking so $F^p = R^p$; and (b) fame-seeking is a winner-take-all contest.¹⁰ The president receives a very large utility payoff if $R^p = 0$ and no utility from fame if $R^p > 0$.¹¹ The effects of relaxing the lottery assumption are discussed later in this section. In addition we assume that the fame score from deviating

from the median voter and being demonstrated correct exceeds the greatest fame score attainable from following the median voter, or

$$f(x, y, x) > f(z, z, \cdot) \text{ for any } x, y, z \in Y, \text{ with } x \neq y. \quad (9)$$

As a result, we can focus on α as a measure of potential fame, with a larger ex post correct deviation implying a higher fame score. Let $f(\alpha, y^*)$ represent the modified fame function; f is increasing in α .

With these restrictions, the president earns fame only if she chooses $y^p = y^a$ and is ex post proven correct. We assume throughout that at least one prior president has earned fame, that is, there is at least one $f^i > 0$. The president pursues fame if and only if

$$u \cdot (g_\alpha - g_0) + \pi \cdot v(R^p(\alpha, y^a)) \geq 0. \quad (10)$$

The following restriction on the utility function is a minimum condition which ensures the president may be sufficiently motivated to pursue fame:

$$v(0) > u \cdot (g_0 - g_\alpha) \text{ for all } y^p, y^a \in Y. \quad (11)$$

Any president for whom (11) holds we say is *fame-motivated*. If (11) does not hold, winning the lottery would provide an insufficient payoff to risk electoral defeat.

A necessary condition for p to pursue fame is $R^p(\alpha, y^a) = 0$; otherwise (10) does not hold because $u(g_0) > u(g_\alpha)$. The highest fame ranking of the previous n presidents is

$$f_m = \max_{i=1, \dots, n} f^i. \quad (12)$$

Let α_m be defined so that

$$f(\alpha_m, y^a) \equiv f_m. \quad (13)$$

If $\alpha < \alpha_m$, the current president cannot achieve a high enough fame score to attain $R^p = 0$; she will not pursue fame. The potential fame a president can gain increases with diversity of opinion concerning the proper policy for the nation. Lincoln faced the choice to confront the Confederate secession attempt or allow the dissolution of the Union. The choice of policy toward secession was truly momentous for the nation. On the other hand, "good times" seldom present momentous policy decisions, as illustrated by the presidencies of Calvin Coolidge and Dwight Eisenhower. There were no depressions, world wars, or major social upheavals during these administrations – and no opportunity for a high fame payoff. Since deviation from the median voter lowers

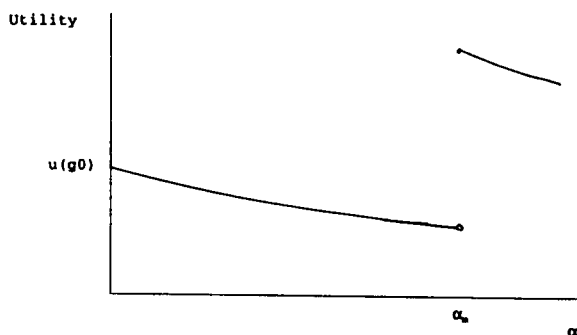


Figure 1. Expected utility from fame seeking, given $y^* = y^a$ and lottery.

the probability of reelection, $y^p = y^m$ maximizes expected utility in such instances. For fame-motivated presidents it is a curse to rule in uninteresting times:

3.1. Proposition 1. Calvin Coolidge's Curse

A minimum amount of uncertainty is necessary for fame-motivated presidents to pursue fame. Otherwise, they pursue reelection.

The utility the president receives from deviating from the median voter as a function of α given she is correct ex post is graphed in Figure 1. Utility decreases as α increases until α_m is reached, where a discontinuous increase in utility occurs due to winning the lottery. Assumption (11) is necessary to insure this gain in utility offsets the voting penalty. Figure 1 hence provides a graphical demonstration of Proposition 1.

Suppose we retain the lottery format but allowing the president to "win" if she is one of the top k presidents, that is, if $R^p(\alpha, y^a) \leq k$. Figure 1 does not change except that the value of α which wins the lottery is lowered. If we maintain ordinal utility but abandon the lottery, the utility from deviation contains a number of discrete jumps, one each time another past president's ranking is passed. Such a possibility is illustrated in Figure 2. The set of values of α for which the president pursues fame may well no longer be convex. The fame lottery allows us to avoid the possibility of nonconvexities. Such nonconvexities would complicate the analysis without altering the basic effect of fame incentives.

The incentive for presidents to pursue fame changes with the age of the nation. Let the realizations of α and Θ for each administration be random variables. The dispersion of opinion regarding policy, α , is identically and independently distributed (i.i.d.) with density function $h(\cdot)$ while Θ is i.i.d.

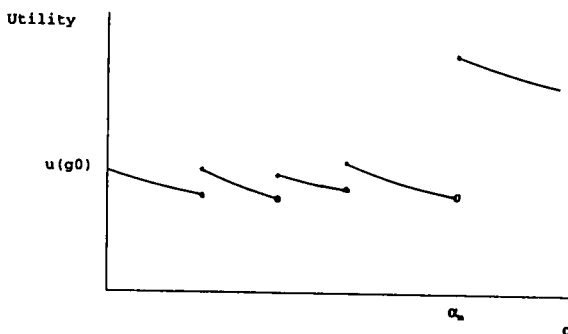


Figure 2. Utility from fame seeking, given $y^* = y^a$, no lottery.

with density function $\tau(\cdot)$. α is independent of Θ for each administration as well. The support of $h(\cdot)$ is the nonnegative reals while the support of $\tau(\cdot)$ is the interval $[0,1]$.

The president pursues fame if: (1) she is fame motivated; (2) sufficient diversity of opinion exists, $\alpha \geq \alpha_m$; and (3) her belief $y^* = y^a$, π , is sufficiently large. Assume (11) holds for all presidents past, present, and future. The president's subjective belief that $y^* = y^a$, π , is related to the prior probability $y^* = y^a$, Θ . The independence over time of Θ implies there is no tendency for π to change over time. The minimum uncertainty to achieve $R^p = 0$, α_m , does change as the number of presidents increases. The highest prior fame ranking, f_m , is nondecreasing as the number of presidents increases.¹² The probability $\alpha \geq \alpha_m(n)$ is a nondecreasing function of n ; it can be shown to converge to 0 as n approaches ∞ . As a result we have the following:

3.2. Proposition 2

The probability a president pursues fame diminishes as a nation ages, even if presidential desire for fame remains undiminished.¹³

The very greatness of the nation's greatest presidents makes the rational pursuit of fame by succeeding presidents less likely. And if the current president does attain fame, this achievement only diminishes fame prospects for her successors.¹⁴

Two further implications can be drawn from (10). A decrease in the value of holding office, u , increases the likelihood politicians pursue fame. A term-limited president attaches less value to the election of her successor than to her own reelection and is more likely to pursue fame. The change in the difference in the probability of reelection due to deviation from the median, $g_\alpha - g_0$, also affects fame-seeking. A president with a very small probability

of reelection will face a relatively small electoral penalty for deviating from y^m and is more likely to pursue fame.

Is the pursuit of fame by presidents beneficial for a nation? Welfare analysis is facilitated since a welfare function can be defined using the common underlying preferences concerning the goals of government.¹⁵ We assume welfare is a diminishing function of the distance $(y^p - y^*)^2$, and can be written:

$$W(y^*, y^p) = w - (y^p - y^*)^2. \quad (14)$$

The pursuit of fame is judged relative to alternatives on expected welfare.

Suppose the president has access to information regarding the likely ex post optimal policy which is not available to the general population. The information the president possesses may not be perfectly reliable; we therefore model the president as receiving a noisy information signal concerning the correct policy (Laffont, 1989: 55–69). The president receives a signal $i \in \{y^m, y^a\}$ which contains information about y^* . Let $s(i|y^*)$ be the probability the president receives information signal i given that the ex post correct policy will be y^* . Let the function s be as follows:

$$\begin{aligned} s(i = y^m | y^* = y^m) &= p; & s(i = y^a | y^* = y^a) &= q; \\ s(i = y^a | y^* = y^m) &= 1 - p; & s(i = y^m | y^* = y^a) &= 1 - q. \end{aligned} \quad (15)$$

The probabilities p and q then represent the reliability of the president's private information: If $p = q = 1$ the president possesses perfect foresight concerning optimal policy.

The following result is proved in the Appendix, which contains a detailed analysis of the welfare effects of fame seeking.

3.3. Proposition 3

The pursuit of fame may either raise or lower the welfare of the nation.

The appendix also establishes that the following factors determine whether fame seeking raises welfare. The effects of fame-seeking on welfare depend on the reliability of the president's information concerning y^* .¹⁶ When $p = 1$, $q = 1$, the president has perfect foresight even though she cannot credibly signal this. Such knowledge could result from private information or from skills not available to the general public. In this case welfare can be improved by delegating the policy decision to the president. As p approaches 0, however, the president becomes overconfident and underestimates the validity of public opinion. The nation can then suffer from presidential hubris.

The prior probability the median voter is correct, Θ , also influences the welfare results. If the people are often right, even a well-informed fame-motivated president cannot greatly improve performance. On the other hand,

a rationally disinterested or simply ignorant median voter will make more mistakes, making deviations from y^m more likely to increase welfare.

Third, the magnitude of the reelection penalty for fame-seeking, $u \cdot (g_\alpha - g_0)$ plays a role as well. From (10) we see that the probability the president believes she can achieve fame must be sufficiently large that she is willing to accept the reelection penalty. Let π_m be the minimum value of π that induces the president to pursue fame; π_m depends on the relative utility of holding office and fame. Even if the president has perfect information and could always implement the welfare-maximizing policy, she may not have an incentive to do so. If the penalty is too large, presidents are unwilling to deviate from y^m , even though deviation raises expected welfare. If there were no penalty for deviating from the views of the median voter, $\pi_m = 0$, and the president pursues even a small probability of attaining fame, to the detriment of the nation.

When the above conditions are met, the nation is better served by presidents pursuing fame at all levels of opinion diversity. Presidents actually pursue fame only when $\alpha \geq \alpha_m$, however, so fame incentives do not achieve a first-best optimal rule, as described in (A.5). Fame seeking does improve welfare compared to the rule of always choosing y^m . We established in Proposition 2 that as a nation ages, the fame incentive weakens because $\alpha_m(n)$ only increases as n increases. As a consequence, the weakening of fame incentives over time leads to a decline in expected welfare.

4. Extensions

While the information and skills of a well-informed political elite can be beneficial, our model does not support restrictions on democratic pressures. The optimal reelection penalty for fame-seeking is not zero. In the absence of any penalty presidents are too reckless and play long odds (at the peoples' expense) to achieve fame. The institutions of democracy, elections, and a free press are necessary to productively channel the skills of the elite. Policies which strengthen the electoral advantage of the incumbent have ambiguous effects, but do not generally improve welfare. First, we cannot say whether fame-seeking will increase. On one hand, the incumbent has greater room to operate without fear of electoral penalty. On the other hand, the decrease in probability of reelection due to deviation may still be large so the incumbent may throw away near-certain prospects of reelection. Even if fame-seeking does increase, however, welfare need not rise. Unconstrained fame-seeking is basically harmful, as demonstrated at the end of Section 3 above.

We have assumed all presidents are motivated by fame. An extension of the model would allow some politicians to be motivated by reelection and fame

and others by reelection only. When fame-seeking raises expected welfare, the ability of politicians motivated by fame to attain the presidency is important. What types of institutions allow fame-motivated persons to reach the highest office? Selection effects would dictate that fame-seekers are discouraged from seeking elective office as a nation ages. Furthermore, the professionalization of politics may reduce the likelihood that fame-seekers can succeed in the preliminary elections, duties, and offices to qualify for the presidency. The practice of former generals running for office may be a means of allowing individuals who have demonstrated fame-motivation to circumvent professional politics.

Our model provides a rival explanation to Olson (1982) for the decline of a nation over time. In Olson's theory a major shock to a nation disrupts the established interest groups and allows an increase in national performance until a new network of interests develops. In our model, decline can be avoided if we do not count sufficiently old presidents as part of the nation's past. Defeat in war or foreign conquest may be one way to wipe a nation's historical slate clean. Leaders in post-communist Russia, for example, will probably not be judged against the Tsars or Soviet premiers. Hence fame incentives in Russia should be strong in the years to come.

Nations can prevent diminution of fame-seeking incentives if they can avoid allocating fame scores in a temporally global way. Yet the mere will to avoid temporally global comparisons does not suffice. Current generations cannot forget the achievements of Jefferson and Washington, and cannot precommit to making no comparison with more recent Presidents. Temporally global comparisons become less likely only to the extent that grounds for comparison shift, such as under a regime change, as mentioned above.¹⁷

The present generation may set out to lower the potency of global fame rankings by engaging in revisionist history. Revisionism lowers the fame scores of past presidents and therefore can increase our relative regard for more recent presidents. Beard's (1913) reexamination of the Founding Fathers, regardless of its truth, reduced the fame rankings subsequent presidents had to compete against.

Revisionist histories have three effects. First they help us determine whether presidents deviated from the median voter correctly or incorrectly, and thus push fame incentives in the welfare-improving direction. Second they lower the value of fame achieved by presidents and thus weaken the fame incentive. Third, they replenish the stock of available fame by wiping away some of the "achievements" of the past. The third effect, taken alone, implies that we get the best result in the present period when we have had much revisionist work on the past, but expect very little future scrutiny of the present.

Fame can be viewed as a non-replenishable stock that is depleted by the fame-seeking activities of politicians who have an incentive to deplete this stock more quickly than is socially optimal. Politicians draw from this stock of fame, but they retain no property rights to what they leave behind in the common pool for their successors. We have an intertemporal exploitation of the "tragedy of the commons," rather than the optimal solution suggested by the Hotelling rule. This reasoning implies nations in the early stages of development should tax or otherwise restrict the fame-seeking of their politicians. Conversely, if political effort is especially important in the early years of a commonwealth, unrestricted fame-seeking may provide a second-best optimum that cannot be improved.

Our model assumes that the degree of uncertainty the nation faces during a president's administration is exogenous. But in fact presidents and leaders can manipulate world events to manufacture a crisis or an opportunity to innovate. Fame-motivated presidents frustrated by insufficient fame opportunities could pursue fame in this fashion. Caesar rose to prominence by conquering Gaul, but generated the crisis which led to the conquest. Although a formal analysis of the endogenous creation of fame opportunities is beyond the scope of this paper, fame-seeking of this type is unlikely to improve the welfare of the nation. Once crises are endogenous to political action, we may wish to keep fame-motivated politicians out of office or try to encourage the positive aspects of fame-seeking while limiting the negative. Only when it is necessary to provoke a crisis, (perhaps Pearl Harbor provides an example) may fame-seeking of this sort be beneficial.

Fame-seeking can have adverse consequences for welfare if the basis for fame scores is changed. The problem of infamy arises if a politician earns fame through name recognition in the future. Both the greatest and most evil leaders have achieved notoriety with future generations. The name John Wilkes Boothe is probably as widely recognized today as Andrew Johnson. Hitler, Stalin, and Mao Zedong may have undertaken their tyrannies to achieve lasting recognition. According to our general results, the incentives for infamy-seeking should also weaken over time. Hitler achieved a very high infamy score and has subsequently made the achievement of true infamy extremely difficult for all those who follow. Again, the desire for relative reputation implies that our view of past actions affects the incentives of those who act in the present.

Notes

1. For surveys of earlier views of fame-seeking, see Boitani (1984) and Lovejoy (1961). Robert Frank (1985) is one modern economist who has analyzed the desire for relative status; see also Levy (1993).

2. We assume the nation and its government are the same age, as with the United States. In old nations with young governments, like France or China, the issue of whether current politicians must compete with ancient national heroes must be addressed. We discuss regime changes in further detail below.
3. Politicians may receive inferior information because interested parties will try to sway their opinions with lies or half-truths. Fame-seeking may also have negative consequences if fame is earned by notoriety or mere name recognition. Mark David Chapman confessed that he shot John Lennon in an attempt to acquire his fame.
4. Cowen (1995) examines the operation of fame incentives in literature and the arts.
5. Our model produces an effect similar to ideological shirking (Kau and Rubin, 1979; Kalt and Zupan, 1984; Peltzman, 1984). In shirking models, representatives deviate from their constituents due to their policy preferences. Our model allows for deviations from the median voter based on the fame seeking incentives presidents face.
6. Election of a chosen successor, when the president faces a term limit, is an element of approbation as well.
7. Schlesinger (1948), Laski (1972) and Brown (1966) illustrate how famous U. S. Presidents faced harsh criticism during their terms in office. For historical information about the popularity of different Presidents in their eras, see Spragens (1988). For a survey of different views on the determinants of Presidential popularity with the voters, see Monroe (1984).
8. The latter case presupposes some heterogeneity among political agents; we discuss different preferences for fame-seeking in Section 4.
9. Over time, the fame of subsequent presidents also will influence a president's fame score. The factors outlined in our presentation still affect fame-seeking at the margin as long as the president attaches some weight to his or her early historical reputation. The degree of importance given to the short-run or medium-run place in history, relative to the long-run place, depends upon how presidents discount reputation hundreds or thousands of years into the future.
10. A more general formulation would allow the fame a president earns to be a function of his absolute fame score, f^p , or his relative fame score, R^p , or both.
11. Lazear and Rosen (1981) analyze winner-take-all tournament labor contracts.
12. The fame scores of early presidents may necessarily be high for any nation which survives to adolescence or old age. The first years of a new nation are often perilous and if the initial leaders are inept, the nation may lose its independence, like, for example, Poland in 1918–1939.
13. This result is weakened if fame earned is a function of a president's absolute fame score or if only recent presidents are included in the relative ranking. Note, however, that only if no weight is placed on the relative ranking or if no comparisons with past presidents are made is there *no decay* of the fame incentive as a nation ages.
14. We base our analysis on substitution effects, and not income effects, which are indeterminate in sign. An increase in the shadow price of fame causes fame-seeking to decline. Income effects are removed from the analysis by our specification of an additively separable utility function in (1). Consideration of income effects could conceivably overturn this comparative statics result. Consider, for example, a threshold effect. If a President is obsessed with fame, the increased difficulty of obtaining fame might cause even more effort to be put into fame-seeking.
15. We follow Hammond (1983) in using an ex post standard to measure welfare in the presence of uncertainty.
16. Our model allows for systematic differences in beliefs concerning proper policy between the president and the population, represented by the median of the population distribution. We do not impose that either the president or the people necessarily form their beliefs rationally based on all available information. Rather we seek to be able to describe their beliefs, whatever they may be. The president may either be a better or poorer judge of policy than the people.

17. We do not, however, show that the temporally global fame comparison is always the most relevant one for influencing political action. For instance, political leaders care not only about their place in history, but also about their ranking among current world leaders. In this case successful fame-seeking by some current leaders may discourage others from pursuing fame and shift their attention toward reelection. The fame among current peers effect may be stronger or weaker than the fame among historical predecessors effect.

References

- Adair, D. (1974). Fame and the Founding Fathers. In T. Colburn (Ed.), *Fame and the Founding Fathers*, essays by Douglass Adair. New York: W.W. Norton.
- Beard, C. (1913). *An economic interpretation of the Constitution of the United States*. New York: Mcmillan.
- Boitani, R.H. (1984). *Chaucer and the imaginary world of fame*. Cambridge: D.S. Brewer.
- Brown, S.G. (1966). *The American Presidency: Leadership, partisanship, and popularity*. New York: Macmillan.
- Cowen, T. (1995). In defense of corporate bookselling. In *Enterprise and the Arts*, Chapter 3. Unpublished manuscript. George Mason University.
- Frank, R.H. (1985). *Choosing the right pond: Human behavior and the quest for status*. New York: Oxford University Press.
- Green, E.J. (1993). On the emergence of parliamentary government: The role of private information. Federal Reserve Bank of Minneapolis *Quarterly Review*. (Winter): 2–16.
- Hammond, P.J. (1983). Ex-post optimality as a dynamically consistent objective for collective choice under uncertainty. In P.K. Pattanaik and M. Salles (Eds.), *Social choice and welfare*. Amsterdam: North Holland.
- Kalt, J.P. and Zupan, M.A. (1984). Capture and ideology in the economic theory of politics. *American Economic Review* 74: 279–300.
- Kau, J.B. and Rubin, P.H. (1979). Self-interest, ideology, and logrolling in congressional voting. *Journal of Law and Economics* 22: 365–384.
- Laffont, J.J. (1989). *The economics of uncertainty and information*. Cambridge, MA: MIT Press.
- Laski, H.J. (1972). *The American presidency, An interpretation*. Westport CT: Greenwood Press.
- Lazear, E.P. and Rosen, R. (1981). Rank-order tournaments as optimum labor contracts. *Journal of Political Economy* 89: 841–864.
- Levy, D. (1993). *The economic ideas of ordinary people*. London: Routledge.
- Lovejoy, A.O. (1961). *Reflections on human nature*. Baltimore: Johns Hopkins University Press.
- Monroe, K. (1984). *Presidential popularity and the economy*. New York: Praeger.
- Olson, M. (1982). *The rise and decline of nations*. New Haven: Yale University Press.
- Peltzman, S. (1984). Constituent interest and congressional voting. *Journal of Law and Economics* 27: 181–210.
- Schlesinger, A.M. (1948). Historians rate U.S. presidents. *Life* (1 November): 65–74.
- Spragens, W.C. (Ed.). (1988). *Popular images of American presidents*. New York: Greenwood Press.

Appendix

Welfare effects of the pursuit of fame

We examine the welfare effects of the decision of a given president to pursue fame, so assume y^m , y^a , and Θ are fixed. The president updates her prior Θ according to Bayes' rule using her private information. Let $t(y^*|i)$ be the president's posterior belief that $y^* = y^a$ or y^m conditional on receiving information i . These updated beliefs are:

$$\begin{aligned} t(y^* = y^m | i = y^m) &= \frac{p \cdot \Theta}{p \cdot \Theta + (1-p) \cdot (1-\Theta)}; \\ t(y^* = y^a | i = y^m) &= \frac{(1-p) \cdot (1-\Theta)}{p \cdot \Theta + (1-p) \cdot (1-\Theta)}; \\ t(y^* = y^a | i = y^a) &= \frac{q \cdot (1-\Theta)}{(1-p) \cdot \Theta + q \cdot (1-\Theta)}; \\ t(y^* = y^m | i = y^a) &= \frac{(1-p) \cdot \Theta}{(1-p) \cdot \Theta + q \cdot (1-\Theta)}. \end{aligned} \quad (\text{A.1})$$

The president's estimated probabilities of achieving fame, conditional on her information, assuming $R^P(\alpha, y^a) = 0$, $\pi(i)$, are

$$\begin{aligned} \pi(i = y^m) &= t(y^* = y^a | i = y^m); \\ \pi(i = y^a) &= t(y^* = y^a | i = y^a). \end{aligned} \quad (\text{A.2})$$

The expected welfare-maximizing policy choice based only on the prior Θ , denoted a^{0*} , is y^m if and only if

$$\Theta \cdot w + (1 - \Theta) \cdot [w - (y^a - y^m)^2] \geq (1 - \Theta) \cdot w + \Theta \cdot [w - (y^a - y^m)^2]. \quad (\text{A.3})$$

Simplification reveals $a^{0*} = y^m$ if and only if $\Theta \geq .5$, which we will henceforth assume.

The expected welfare-maximizing policy choice conditional on the president's information, denoted $a^*(i)$, is found by solving (A.4) for $i = y^m$ and y^a (see Laffont, 1989: 63):

$$\begin{aligned} \text{Maximize } \{ & W(y^* = y^m, y^p = a) \cdot t(y^* = y^m | i) \\ \text{a} \in \{y^a, y^m\} & + W(y^* = y^a, y^p = a) \cdot t(y^* = y^a | i) \} \end{aligned} \quad (\text{A.4})$$

Application of (A.4) reveals that the welfare maximizing policy choices are

$$\begin{aligned} a^*(i = y^m) &= y^m \text{ if } p \cdot \Theta \geq (1-p) \cdot (1-\Theta), \\ & y^a \text{ if } p \cdot \Theta \leq (1-p) \cdot (1-\Theta); \\ a^*(i = y^a) &= y^a \text{ if } q \cdot (1-\Theta) \geq (1-p) \cdot \Theta, \\ & y^m \text{ if } q \cdot (1-\Theta) \leq (1-p) \cdot \Theta. \end{aligned} \quad (\text{A.5})$$

The president's policy choice conditional on the information she receives, $y^p(i)$, depends on her updated estimated probability of achieving fame (assuming $R^P(\alpha, y^a) = 0$), which is given in (A.2). The minimum probability of achieving fame necessary for the president to choose $y^p = y^a$, π_m , is given by

$$\pi_m(\alpha) = [u(g_0) - u(g_\alpha)]/v(0). \quad (\text{A.6})$$

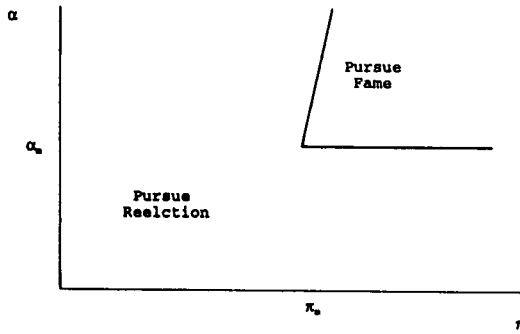


Figure 3. President's fame seeking decision.

For values of $\alpha > \alpha_m$, π_m increases because the utility from fame does not increase (the lottery has already been won) while the reelection penalty increases. The president's policy choice then, conditional on her information, is:

$$y^p(i) = \begin{cases} y^a & \text{if } \pi(i) \geq \pi_m(\alpha) \text{ and } \alpha \geq \alpha_m, \\ y^m & \text{if } \pi(i) < \pi_m(\alpha) \text{ or } \alpha < \alpha_m, \end{cases} \quad (\text{A.7})$$

for $i = y^m, y^a$. The president's decision to pursue fame or reelection is depicted in Figure 3.

The president's fame seeking decision in (A.7) may or may not implement the expected welfare-maximizing decision rule in (A.5). In fact (A.7) may lower welfare relative to always implementing y^m . Assume $p, q \in (0, 1)$. Let the rule in (A.5) be $a^*(i=y^m) = y^m, a^*(i=y^a) = y^a$. The conditions on p, q , and Θ for this rule can be written:

$$\frac{q \cdot (1 - \Theta)}{(1 - p) \cdot \Theta} \geq 1 \geq \frac{(1 - q) \cdot (1 - \Theta)}{p \cdot \Theta}. \quad (\text{A.8})$$

The first ratio in (A.8) is $\pi(i=y^a)/[1 - \pi(i=y^a)]$ while the last ratio is $\pi(i=y^m)/[1 - \pi(i=y^m)]$. The president implements the welfare-maximizing rule if and only if (A.8) also holds when 1 is replaced by $\pi_m/(1 - \pi_m)$ (assuming, of course, $\pi_m \neq 1$). If so, expected welfare with presidential fame seeking necessarily exceeds welfare from implementing $a^{0*} = y^m$. But suppose instead we have

$$\begin{aligned} [q \cdot (1 - \Theta)] / [(1 - p) \cdot \Theta] &> \pi_m / [1 - \pi_m], \text{ and} \\ [(1 - q) \cdot (1 - \Theta)] / [p \cdot \Theta] &> \pi_m / [1 - \pi_m]. \end{aligned} \quad (\text{A.9})$$

Then $y^p(i=y^a) = y^p(i=y^m) = y^a$, so the president always pursues fame. Since $a^{0*} = y^m$, this action necessarily lowers expected welfare. This establishes Proposition 3.

Copyright of Public Choice is the property of Kluwer Academic Publishing / Business and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.