

Cambridge University Press

0521556546 - Perspectives on Public Choice: A Handbook

Dennis C. Mueller

Frontmatter

[More information](#)

Public choice or rational politics differs from other approaches to the study of political behavior in that it builds on models in which rational individuals seek to advance their own interests. This five-part volume surveys the main ideas and contributions of the field. *Perspectives on Public Choice: A Handbook* contains twenty-five essays written by thirty scholars, both economists and political scientists, from North America and Europe.

Part I discusses the nature and justification for the existence of government and the various forms it can take, including mixed, private, and public institutions, international organizations, federalisms, and constitutional governments. Part II examines the properties of different voting rules and preference aggregation procedures. Part III explores multi-party systems, interest groups, logrolling and political business cycles. The individual decision maker is the focus of Part IV, with surveys of the experimental literature on individual behavior, on why people vote, and why people vote as they do. The final section applies public choice reasoning to bureaucracy, taxation, and the size of government.

Cambridge University Press
0521556546 - Perspectives on Public Choice: A Handbook
Dennis C. Mueller
Frontmatter
[More information](#)

**Perspectives on public choice
A handbook**

Cambridge University Press
0521556546 - Perspectives on Public Choice: A Handbook
Dennis C. Mueller
Frontmatter
[More information](#)

Perspectives on public choice

A handbook

DENNIS C. MUELLER

University of Vienna



CAMBRIDGE
UNIVERSITY PRESS

Cambridge University Press
0521556546 - Perspectives on Public Choice: A Handbook
Dennis C. Mueller
Frontmatter
[More information](#)

CAMBRIDGE UNIVERSITY PRESS
Cambridge, New York, Melbourne, Madrid, Cape Town, Singapore, São Paulo

Cambridge University Press
The Edinburgh Building, Cambridge CB2 2RU, UK

Published in the United States of America by Cambridge University Press, New York

www.cambridge.org
Information on this title: www.cambridge.org/9780521553773

© Cambridge University Press 1997

This publication is in copyright. Subject to statutory exception and to the provisions of relevant collective licensing agreements, no reproduction of any part may take place without the written permission of Cambridge University Press.

First published 1997

A catalogue record for this publication is available from the British Library

Library of Congress Cataloguing in Publication data

Perspectives on public choice : a handbook / edited by Dennis C. Mueller.

p. cm.

ISBN 0-521-55377-6 (hc). – ISBN 0-521-55654-6 (pbk.)

1. Social choice. 2. Political science – Economic aspects.

I. Mueller, Dennis C.

HB846.8.P47 1996

302'.13 – dc20

95-44023

CIP

ISBN-13 978-0-521-55377-3 hardback

ISBN-10 0-521-55377-6 hardback

ISBN-13 978-0-521-55654-5 paperback

ISBN-10 0-521-55654-6 paperback

Transferred to digital printing 2005

Contents

<i>Preface</i>	page vii
1 Public choice in perspective DENNIS C. MUELLER	1
Part I The need for and forms of cooperation	
2 Economic theories of the state RUSSELL HARDIN	21
3 Neither markets nor states: Linking transformation processes in collective action arenas ELINOR OSTROM AND JAMES WALKER	35
4 The political economy of federalism ROBERT P. INMAN AND DANIEL L. RUBINFELD	73
5 The public choice of international organizations BRUNO S. FREY	106
6 Constitutional public choice DENNIS C. MUELLER	124
Part II Voting rules and preference aggregation	
7 Cycling and majority rule JAMES M. ENELOW	149
8 Majority rule DOUGLAS W. RAE AND ERIC SCHICKLER	163
9 Group choice and individual judgments H. PEYTON YOUNG	181
10 Some paradoxes of preference aggregation PRASANTA K. PATTANAİK	201
11 Voting and the revelation of preferences for public activities T. NICOLAUS TIDEMAN	226
Part III Electoral politics	
12 The spatial analysis of elections and committees: Four decades of research PETER C. ORDESHOOK	247

vi	Contents	
13	Multiparty electoral politics NORMAN SCHOFIELD	271
14	Interest groups: Money, information, and influence DAVID AUSTEN-SMITH	296
15	Logrolling THOMAS STRATMANN	322
16	Political business cycles MARTIN PALDAM	342
	Part IV Individual behavior and collective action	
17	When is it rational to vote? JOHN H. ALDRICH	373
18	Voting behavior MORRIS P. FIORINA	391
19	Public choice experiments ELIZABETH HOFFMAN	415
	Part V Public choice in action	
20	Modern bureaucratic theory RONALD WINTROBE	429
21	The positive theory of public bureaucracy TERRY M. MOE	455
22	The political economy of taxation WALTER HETTICH AND STANLEY L. WINER	481
23	Rent seeking ROBERT D. TOLLISON	506
24	Endogenous protection: The empirical evidence STEPHEN P. MAGEE	526
25	Why does government's share of national income grow? An assessment of the recent literature on the U.S. experience CHERYL M. HOLSEY AND THOMAS E. BORCHERDING	562
	<i>References</i>	591
	<i>Name index</i>	656
	<i>Subject index</i>	668

Preface

The original plan for this volume was to publish a handbook in which each essay was twenty-five to thirty typed pages. This length is substantially under that of, say, a *Journal of Economic Literature* survey, and so the intent was not to be as comprehensive in referencing the literature as this more standard survey, but for the author to describe and discuss an area highlighting the main ideas and contributions in it. Many of the authors stuck to this early game plan, but some did not owing to the nature of the subject matter surveyed, or to personal style. In addition, the last of the manuscripts to be completed received less intensive editorial cutting, because I, mistakenly as it turned out, did not think I had the time to do it. Thus, the articles vary somewhat in length and in the length of their reference lists.

For a variety of reasons including my move from College Park, Maryland to Vienna, the “development time” of this volume has been lengthier than most. The earliest of the essays were completed in 1992, and even the latest in 1994. Thus, some recent articles or books that the reader would expect to see referenced may be missing, *not* because of the author’s negligence, but because the essay was finished before the work appeared. (A single set of references for the entire manuscript is at the end of the book.)

Preparation of the manuscript in College Park, including much retyping of references, editing of files, and so on was done by my long-time coworker there Becky Flick. Once again I offer her my hearty thanks. Because some files could not be read by our computers in Vienna, and some papers were completed after I left College Park, my new coworker Heidi Wurm had to do and redo a lot of work on the manuscript. To her I also offer my sincere gratitude. Finally, let me thank the contributors to the volume for their cooperation, patience, and understanding during the long, and rather unusual history of this book.

Cambridge University Press

0521556546 - Perspectives on Public Choice: A Handbook

Dennis C. Mueller

Frontmatter

[More information](#)

Contributors

JOHN ALDRICH is professor and chair of the Department of Political Science at Duke University. He is a scholar of American politics and the author of *Before the Convention*, the election series *Change and Continuity in Elections*, and, most recently, *Why Parties?*

DAVID AUSTEN-SMITH is professor of political science at the University of Rochester. He has contributed articles to a variety of journals in both economics and political science and is currently completing a manuscript, *Positive Political Theory* (with Jeffery S. Banks) for the University of Michigan Press. His work focuses on social choice theory and positive political theory.

THOMAS E. BORCHERDING is professor of economics and politics at the Claremont Graduate School. Besides the growth of government, he has written on bureaucracy and public enterprise, the demand for public spending, intergenerational equity and natural resources, the private supply of public goods, and public schooling and segregation. He is currently researching social capital formation and the uncoordinated supply of joint consumption goods. He has been the editor of *Economic Inquiry* and now serves as senior editorial advisor.

JAMES M. ENELOW is professor of government at the University of Texas at Austin. He is the coauthor of *The Spatial Theory of Voting: An Introduction* and coeditor of *Advances in Spatial Theory of Voting*. He has served on the editorial board of the *American Journal of Political Science* and is currently a member of the editorial board of *Public Choice*.

MORRIS P. FIORINA is a professor of government at Harvard University. He has written widely on American national government and politics, with special emphasis on elections and electoral influences on Congress. His books include *Representatives, Roll Calls, and Constituencies*, *Congress—Keystone of the Washington Establishment*, *Retrospective Voting in American National Elections*, *The Personal Vote: Constituency Service and Electoral Independence* (with Bruce Cain and John Ferejohn), and most recently, *Divided Government*. From 1986 to 1990 Fiorina served as chair of the Board of Overseers of the National Election Studies.

x **Contributors**

BRUNO S. FREY is professor of economics at the University of Zurich, Switzerland. He is the author of *Economics as a Science of Human Behavior*, *Muses and Markets*, *International Political Economics*, and *Democratic Economic Policy*, as well as over 250 articles. His research interests cover political economy, the connections of economics and psychology and applications of economics to fields such as the environment, the family, history and art.

WALTER HETTICH is professor of economics at California State University in Fullerton. His work has appeared in the *American Economic Review*, *Journal of Public Economics*, *National Tax Journal*, *Canadian Journal of Economics*, *Public Choice*, and other professional journals. The main focus of his research is on the application of microeconomic analysis and collective choice to taxation and public expenditures.

CHERYL M. HOLSEY is visiting assistant professor of economics and politics at the Claremont Graduate School. Her research focuses on explaining state and local government constraints and behavior, with a current emphasis on services that can be differentially allocated across members of the constituency, and the extent to which changing socioeconomic environments have affected the demand and supply of public sector services.

ELIZABETH HOFFMAN is professor of economics and dean of the College of Liberal Arts and Sciences at Iowa State University, Ames. She is the coauthor of numerous articles in experimental economics on cooperation, fairness, and the effects of property rights in two-person and multiperson bargaining. In 1986, she and her coauthor Matthew L. Spitzer won the Coase Prize for Excellence in the Study of Law and Economics for their experimental work on the Coase theorem.

ROBERT P. INMAN is a professor of finance and economics at the University of Pennsylvania, and research fellow at the National Bureau of Economic Research. He has been a visiting professor at the University of London, the University of California, Berkeley, and Stanford University, and a visiting research fellow at Harvard University, Australian National University, and the Center for Advanced Study in the Behavioral Sciences at Stanford University. He is the editor of *The Economics of Public Services* and *Managing the Service Economy*. His published research includes articles on urban public finance, health care finance, tax policy, and political economy. He is completing a book on federalism with Daniel L. Rubinfeld.

STEPHEN P. MAGEE holds the Bayless/Enstar Chair and is a professor of finance and economics at the University of Texas at Austin. He is the

Cambridge University Press

0521556546 - Perspectives on Public Choice: A Handbook

Dennis C. Mueller

Frontmatter

[More information](#)**Contributors**

xi

coauthor (with William A. Brock and Leslie Young) of *Black Hole Tariffs and Endogenous Policy Theory*. His book *A Plague of Lawyers* (forthcoming with Frances T. Magee) reports data from fifty-four countries over twenty-five years that reveal an optimum lawyer curve.

TERRY M. MOE is professor of political science at Stanford University and senior fellow at the Hoover Institution. He is the author of *The Organization of Interests, Politics, Markets, and America's Schools* (with John E. Chubb), and numerous articles. His work centers on American political institutions, organization theory, and rational choice.

DENNIS C. MUELLER is professor of economics at the University of Vienna. His main research interests are in public choice and industrial economics. He is the author of *Public Choice II, Profits in the Long Run*, and *Constitutional Democracy*, as well as many articles. Dennis Mueller is a past president of the Public Choice Society, the Southern Economic Association, the Industrial Organization Society, and EARIE.

PETER C. ORDESHOOK is professor of political science at the California Institute of Technology. He is the author or coauthor of *An Introduction to Positive Political Theory* (with W. H. Riker), *Game Theory and Political Theory*, *A Political Theory Primer*, *Lessons for Citizens of a New Democracy*, and *The Balance of Power* (with E. M. S. Niou and G. Rose), as well as nearly a hundred articles published in professional journals and edited volumes. A member of the American Academy of Arts and Sciences, he has also held appointments at the University of Texas, The University of Rochester, and Carnegie Mellon University.

ELINOR OSTROM is codirector of the Workshop in Political Theory and Political Analysis and the Arthur F. Bentley Professor of Political Science at Indiana University, Bloomington. She is the author of *Governing the Commons, Crafting Institutions for Self-Governing Irrigation Systems, Institutional Incentives and Sustainable Development* (with Larry Schroeder and Susan Wynne), and *Rules, Games, and Common-Pool Resources* (with Roy Gardner and James Walker).

MARTIN PALDAM is professor of economics at Aarhus University, Denmark. He has published numerous articles in international economic and political science journals and edited books on political economy, macroeconomics and economic development. He is presently working on the microeconomics of vote and popularity functions, the economic development of Greenland and Danish Development Assistance. He has been and is a consultant at the World Bank, the Interamerican

xii Contributors

Development Bank, the OECD and the Rockwool Foundation, and has lived in Nigeria, Chile, and the United States.

PRASANTA K. PATTANAİK is professor of economics at the University of California, Riverside, and a fellow of the Econometric Society. He has worked on welfare economics and the theory of social choice, trade theory and decision theory including the theory of fuzzy preferences and choice, and is the author of many papers and books in these areas.

DOUGLAS W. RAE is the Ely Professor of Public Management at the Yale School of Management. He is the author of *The Political Consequences of Electoral Laws, Equalities* and many articles on topics related to public choice. He is presently at work on issues of urban blight and violence in the United States.

DANIEL L. RUBINFELD is Robert L. Bridges Professor of Law and professor of economics at the University of California, Berkeley. He is coeditor of the *International Review of Law and Economics*, and the author of *Microeconomics* (with Robert S. Pindyck) and *Econometric Models and Economic Forecasts* (with Robert S. Pindyck), and is completing a book on federalism with Robert P. Inman.

ERIC SCHICKLER is a doctoral candidate in the Department of Political Science at Yale University. He has published articles on partisanship in the United States and on the implications of new information technologies for democratic theory and practice. His dissertation focuses on formal models of the legislative process.

NORMAN SCHOFIELD is the William Taussig Professor and director of the Center of Political Economy at Washington University in St. Louis. He is the author of *Social Choice and Democracy*, of *Multiparty Government* (with Michael Laver) and coeditor of two volumes in political economy and social choice. His other published work is in formal political economy, cooperative game theory, and mathematical economics.

THOMAS STRATMANN is associate professor of economics at Montana State University, Bozeman. He has published articles in the *American Economic Review*, *Journal of Political Economy*, and *Review of Economics and Statistics*. His work in public choice focuses on analyzing legislator and interest group behavior.

T. NICOLAUS TIDEMAN is professor of economics at Virginia Polytechnic Institute and State University. He is the author (with Gordon Tullock) of "A New and Superior Process for Making Social Choices" (*Journal of Political Economy*, 1976) and various other articles on issues of efficiency and fairness in taxation and in collective decision mechanisms.

Cambridge University Press

0521556546 - Perspectives on Public Choice: A Handbook

Dennis C. Mueller

Frontmatter

[More information](#)**Contributors**

xiii

ROBERT D. TOLLISON is Duncan Black Professor of Economics and general director of the Center for Study of Public Choice at George Mason University in Fairfax, Virginia. He is the author of numerous papers and books in the area of public choice, and he is presently serving as president of the Public Choice Society.

JAMES WALKER is professor of economics and associate director of the Workshop in Political Theory and Policy Analysis at Indiana University, Bloomington. His principal research focus is the use of experimental methods in the investigation of individual and group behavior related to the voluntary provision of public goods and the use of common-pool resources. Recent publications include "Rent Dissipation and Probabilistic Destruction of Common-Pool Resource Environments: Experimental Evidence" (with Roy Gardner, *Economic Journal*, 1992); "Group Size and the Voluntary Provision of Public Goods: Experimental Evidence Utilizing Large Groups" (with Mark Isaac and Arlington Williams, *Journal of Public Economics*, 1994); and *Rules, Games, and Common-Pool Resources* (with Elinor Ostrom and Roy Gardner).

STANLEY L. WINER is professor of economics and public policy in the School of Public Administration at Carleton University, Ottawa. His work has appeared in the *Journal of Political Economy*, the *American Economic Review*, *Journal of Public Economics*, *Kyklos*, the *Canadian Journal of Economics*, and other professional journals. The main focus of his research is on the development of models that help to explain the structure of taxation and public expenditures.

RONALD WINTROBE is professor of economics at the University of Western Ontario. He is the author of many articles in political economy, and coauthor (with Albert Breton) of the *Logic of Bureaucratic Conduct* (Cambridge, 1982). Recently, he has been working on dictatorship and has written a number of articles on that subject, including "The Tinpot and the Totalitarian: An Economic Theory of Dictatorship" (*American Political Science Review*, September 1990). He has just completed a new book, *The Political Economy of Dictatorship*.

H. PEYTON YOUNG is professor of economics at The Johns Hopkins University and a visiting fellow at the Brookings Institution in Washington, D.C. He has written on game theory, public finance, social choice, bargaining theory, and distributive problems in the public sector. His books include *Fair Representation* (with M. L. Balinski), *Cost Allocation*, *Negotiation Analysis*, and *Equity in Theory and Practice*.