
Contents

<i>Preface</i>	<i>page xi</i>
 Part I Compound governments	
1 The conceptual framework	3
1.1 Goods and services defined	5
1.2 Models of government	9
1.3 Concepts of efficiency	17
1.4 Requisites of democracy	24
1.5 Competition	30
1.6 Assembling the building blocks	34
2 Demand and its revelation	37
2.1 Utility maximization	42
i. Taxprices	43
ii. Free-riding	44
iii. Substitution	46
2.2 Demand revelation	48
i. Motivation	49
ii. Mechanism	52
2.3 Demand lobbies	57
i. Aggregation and the interaction of demand lobbies with centers of power	59
ii. Shirking by lobby members	61
iii. Reverse shirking by lobby managers	64
iv. Collusion and rent-seeking	65
2.4 The Wicksellian Connection	66
2.5 Conclusion	69
3 Checks and balances	70
3.1 Compound governments	71
3.2 Definitions and assumptions	74
i. Checking and balancing	75
ii. Checking instruments illustrated	76
3.3 A formal model and some implications	79

viii	Contents	
	3.4 The Wicksellian Connection anew	87
	3.5 A digression on American exceptionalism	90
	3.6 Balanced governments	93
	3.7 Conclusion	95
4	Budgetary processes	96
	4.1 The budgetary process of parliamentary governments	98
	i. Stylized structure	98
	ii. The model	101
	4.2 The budgetary process of congressional governments	111
	i. Stylized structure	112
	ii. The model	114
	4.3 The Wicksellian Connection once again	118
	4.4 Conclusion	121
5	Consent, suffrage, and support	122
	5.1 A model of political consent	123
	i. A <i>Vox Dei</i> dispensation model	125
	ii. A <i>Vox Populi</i> dispensation model	129
	5.2 Introducing suffrage and support	134
	5.3 Collusion and breakdown	141
	5.4 The Wicksellian Connection once more	146
	5.5 Conclusion	146
6	Hierarchy and bureaucracy	148
	6.1 The problem defined	149
	6.2 Models of inefficient bureaus	155
	i. The principal–agent model	155
	ii. The discretionary power model	162
	6.3 Models of efficient bureaus and bureaucracies	167
	i. Single bureaus	167
	ii. Bureaucracies	176
	6.4 Conclusion	178
	Part II Governmental systems	
7	A retrospective overview	181
	7.1 More definitions	183
	7.2 Vertical competition	184
	7.3 Horizontal competition	190
	7.4 Conclusion	194
8	The organization of governmental systems	196
	8.1 The standard explanation	197

Contents	ix
8.2 An alternative explanation	203
i. Technology	204
ii. Coordination costs	209
a. Origin	209
b. Nature	210
c. Effects	212
iii. Contractual enforcement costs	213
iv. Caveats	222
a. Information costs	222
b. Collusion	223
8.3 The constitutional factor	223
8.4 The Wicksellian Connection remembered	226
8.5 Conclusion	227
9 Competition, stability, and central governments	228
9.1 The inducements to compete	229
i. Tiebout's potential entry and exit mechanism	230
ii. Salmon's external benchmark mechanism	233
9.2 Some empirical evidence on intergovernmental competition	235
i. Indices of policy and program diffusion	235
ii. Estimates of political mobility	238
iii. Analysis of price rivalry	239
9.3 Horizontal competition and stability	240
i. Policy and program diffusion	241
ii. Political mobility	243
iii. Price rivalry	245
9.4 Vertical competition and stability	245
9.5 Securing stability	248
i. Why use monitors?	249
ii. Monitoring horizontal competition	250
a. Prohibitions and standards	250
b. Regional policies	251
c. Intergovernmental grants	254
iii. Monitoring vertical competition	258
a. Bicameralism	259
b. Intrastate federalism	260
c. Constitutional entrenchment	261
9.6 The Wicksellian Connection reconsidered	262
9.7 Conclusion	262
10 The world order	264
10.1 International competition	267

x	Contents	
	10.2 International regimes	271
	10.3 The European Union	275
	10.4 Conclusion	276
	Part III Socio-political structures	
11	The size of the nonmarket sector	279
	11.1 Nonprofit organizations	280
	11.2 An alternative perspective	282
	11.3 Goods are goods	284
	11.4 Conclusion	285
12	The growth of governments	286
	12.1 The determinants of supply	288
	i. Some preliminaries	289
	ii. Differential productivity growth of conventional inputs	293
	iii. Differential growth in the capacity to control free-riding	295
	iv. Differential growth in the ability to acquire information	302
	12.2 Equilibrium and growth	304
	12.3 Conclusion	308
	Conclusion	311
	Appendices	
A.	Long-term budget deficits	315
B.	The power of “small” groups	318
C.	The independence of judiciaries	321
D.	Information and pressure	326
E.	An empirical Wicksellian Connection?	328
F.	Overlap and duplication	331
G.	Structure and stability of federal states	334
	<i>References</i>	337
	<i>Name index</i>	363
	<i>Subject index</i>	369