

## Public Choice III

This book represents a considerable revision and expansion of *Public Choice II* (1989). Six new chapters have been added, and several chapters from the previous edition have been extensively revised. The discussion of empirical work in public choice has been greatly expanded. As in the previous editions, all the major topics of public choice are covered. These include why the state exists, voting rules, federalism, the theory of clubs, two-party and multiparty electoral systems, rent seeking, bureaucracy, interest groups, dictatorship, the size of government, voter participation, and political business cycles. Normative issues in public choice are also examined, including a normative analysis of the simple majority rule, Bergson–Samuelson social welfare functions, the Arrow and Sen impossibility theorems, Rawls’s social contract theory, and the constitutional political economy of Buchanan and Tullock.

**Dennis C. Mueller** is Professor of Economics at the University of Vienna. He previously taught for many years at the University of Maryland. Professor Mueller is the author of *Public Choice II*, *Profits in the Long Run*, *Constitutional Democracy*, and four other books, in addition to numerous articles in leading refereed journals. He is also the editor of the two-volume *The Economics of Politics* (2001), *Perspectives on Public Choice* (Cambridge University Press, 1997), and *The Dynamics of Company Profits* (Cambridge University Press, 1990), as well as six other titles. Professor Mueller is a past president of the Public Choice Society, the Southern Economic Association, the Industrial Organization Society, and EARIE. His main research interests continue to be in public choice and industrial economics.

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DENNIS C. MUELLER  
*University of Vienna*



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*To Adrienne, Holly, Jacob, and Laurence*

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## Contents

<i>Preface</i>	<i>page xvii</i>
1 Introduction	1
<b>Part I Origins of the state</b>	
2 The reason for collective choice – allocative efficiency	9
2.1 Public goods and prisoners' dilemmas	9
2.2 Coordination games	14
2.3 Public goods and chickens	16
2.4* Voluntary provision of public goods with constant returns to scale	18
2.5* Voluntary provision of public goods with varying supply technologies	22
2.6 Externalities	25
2.7 The Coase theorem	27
2.8 Coase and the core	30
2.9 A generalization of the Coase theorem	32
2.10 Does the Coase theorem hold without predefined property rights?	34
2.11 Externalities with large numbers of individuals	35
2.12 Externalities with large numbers of individuals – a second time	39
2.13 Experimental results in the voluntary provision of public goods	40
3 The reason for collective choice – redistribution	44
3.1 Redistribution as insurance	45
3.2 Redistribution as a public good	47
3.3 Redistribution to satisfy fairness norms	49
3.4 Redistribution to improve allocative efficiency	51
3.5 Redistribution as taking	53
3.6 Income transfers in the United States	56
3.7 Redistribution and the distribution of income	58
3.8 Redistribution to special interests	61
<b>Part II Public choice in a direct democracy</b>	
4 The choice of voting rule	67
4.1 The unanimity rule	67
4.2 Criticisms of the unanimity rule	72
4.3 The optimal majority	74
4.4 A simple majority as the optimal majority	76

viii **Contents**

5	Majority rule – positive properties	79
5.1	Majority rule and redistribution	79
5.2	Cycling	84
5.3*	The median voter theorem – one-dimensional issues	85
5.4	Majority rule and multidimensional issues	87
5.5*	Proof of the median voter theorem – multidimensional case	92
5.6	Majority rule equilibria when preferences are not defined in spatial terms	94
5.7*	Proof of extremal restriction – majority rule theorem	95
5.8	Restrictions on preferences, on the nature and number of issues, and on the choice of voting rule that can induce equilibria	97
5.8.1	Preference homogeneity	97
5.8.2	Homogeneous preferences and qualified majority rules	99
5.8.3	The relationship between numbers of issues and alternatives and the required majority	103
5.9	Logrolling	104
5.10*	Logrolling and cycling	108
5.11	Testing for logrolling	109
5.12	Agenda manipulation	112
5.12.1	Agenda control in a spatial environment	112
5.12.2	Agenda control in a divide-the-cake game	113
5.13	Why so much stability?	114
5.13.1	Issues are indeed of one dimension	115
5.13.2	Voting one dimension at a time	116
5.13.3	Logrolling equilibria	118
5.13.4	Empirical evidence of cycling	120
5.13.5	Experimental evidence of cycling	123
6	Majority rule – normative properties	128
6.1	Condorcet’s jury theorem	128
6.2	May’s theorem on majority rule	133
6.3*	Proof of May’s theorem on majority rule	135
6.4	The Rae-Taylor theorem on majority rule	136
6.5	Assumptions underlying the unanimity rule	137
6.6	Assumptions underlying the two rules contrasted	138
6.7	The consequences of applying the rules to the “wrong” issues	140
6.7.1	Deciding improvements in allocative efficiency via majority rule	140
6.7.2	Deciding redistribution by unanimity	143
6.8	Conclusions	144
7	Simple alternatives to majority rule	147
7.1	The alternative voting procedures defined	147
7.2	The procedures compared – Condorcet efficiency	148
7.3	The procedures compared – utilitarian efficiency	151
7.4	The Borda count	152
7.4.1	Axiomatic properties	152
7.4.2	The Borda count and the “tyranny of the majority”	154
7.4.3	The Borda count and strategic manipulation	155
7.5	Approval voting	156
7.6	Implications for electoral reform	157

<b>Contents</b>	ix
8 Complicated alternatives to majority rule	159
8.1 The demand-revealing process	160
8.1.1 The mechanics of the process	160
8.1.2 Vernon Smith's auction mechanism	168
8.2 Point voting	169
8.3* An explication of the Hylland-Zeckhauser point-voting procedure	170
8.4 Voting by veto	174
8.5 A comparison of the procedures	179
9 Exit, voice, and disloyalty	182
9.1 The theory of clubs	183
9.2 Voting-with-the-feet	186
9.3 Global optimality via voting-with-the-feet	189
9.4* Clubs and the core	194
9.5 Voting-with-the-feet: empirical evidence	199
9.6 Voluntary association, allocational efficiency, and distributional equity	202
9.7 The theory of revolution	204
 <b>Part III Public choice in a representative democracy</b>	
10 Federalism	209
10.1 The logic of federalism	209
10.1.1 The assignment problem	209
10.1.2 Federalism with geographic representation	212
10.2 Why the size of government may be "too large" under federalism	213
10.2.1 Logrolling	213
10.2.2 Universalism	215
10.3 Intergovernmental grants under federalism	215
10.3.1 Intergovernmental grants to achieve Pareto optimality	216
10.3.2 The empirical evidence on intergovernmental grants	221
10.4 Why the size of government may be "too large" and "too small" under federalism	223
10.5 The problem of centralization under federalism	227
11 Two-party competition – deterministic voting	230
11.1 Outcomes under two-party democracy	231
11.2 Two-party competition in a constrained policy space	236
11.2.1 The uncovered set	236
11.2.2 The uncovered set with high valence issues	240
11.3 Relaxing the assumptions of the Downsian model	241
11.3.1 Candidates have preferences over policies	241
11.3.2 Candidates can enter and exit the contests	242
11.4 Testing the median voter hypothesis	243
11.5 Are local public expenditures public or private goods?	246
12 Two-party competition – probabilistic voting	249
12.1 Instability with deterministic voting	249
12.2 Equilibria under probabilistic voting	252
12.3 Normative characteristics of the equilibria	253
12.4 Equilibria with interest groups	255
12.5 An application to taxation	257

x	<b>Contents</b>	
	12.5.1 The logic	257
	12.5.2 The evidence	259
	12.6 Commentary	260
13	Multiparty systems	264
	13.1 Two views of representation	264
	13.2 Selecting a representative body of legislators	265
	13.3 Proportional representation in practice	266
	13.4 Electoral rules	266
	13.4.1 The Hare, Droop, Imperiali, d'Hondt, and Sainte-Lagué formulas	267
	13.4.2 The single-transferable vote (STV)	269
	13.4.3 Limited voting	270
	13.4.4 Single-nontransferable-vote systems (SNTV)	271
	13.5 Electoral rules and the number of parties	271
	13.6 Electoral rules and the degree of proportionality	276
	13.7 The goals of parties	278
	13.7.1 Coalition theories with a one-dimensional issue space	280
	13.7.2 Coalition theories with two- or more-dimensional issue spaces	285
	13.7.2.1 The political heart	285
	13.7.2.2 The dimension-by-dimension median	286
	13.8 Cabinet stability	290
	13.8.1 The duration of governments	290
	13.8.2 The death of governments	292
	13.8.3 Summary	295
	13.9 Social stability	295
	13.10 Strategic voting	296
	13.10.1 Strategic voting under the plurality rule	296
	13.10.2 Strategic voting in multiparty systems	297
	13.11 Commentary	298
14	The paradox of voting	303
	14.1 The rational voter hypothesis	304
	14.1.1 Expected utility maximization	304
	14.1.2 A taste for voting	306
	14.1.3 Voting as a game of cat and mouse	306
	14.1.4 The rational voter as minimax-regret strategist	307
	14.2 The rational voter hypothesis: the evidence	308
	14.3 The expressive voter hypothesis	320
	14.4 The ethical voter hypothesis	322
	14.5 Ethical preferences as selfish behavior	325
	14.6 The selfish voter	326
	14.7 Summary and implications	329
15	Rent seeking	333
	15.1 The theory of rent seeking	333
	15.1.1 The basic rent-seeking model with a fixed number of players	335
	15.1.1.1 Diminishing or constant returns, $r \leq 1$	336
	15.1.1.2 Increasing returns with $1 < r \leq 2$	336
	15.1.1.3 Increasing returns with $r > 2$	337



<b>Contents</b>	xi
15.1.2 The impact of free entry	337
15.1.3 Rent seeking with sequential investments	338
15.1.4 Relaxing the assumptions	340
15.1.4.1 Risk-neutrality	340
15.1.4.2 Rent seeking among groups	342
15.1.4.3 Rent seeking when the probability of winning is not defined logistically	342
15.1.4.4 Designing rent-seeking contests	342
15.2 Rent seeking through regulation	343
15.3 Rent seeking and the political process	347
15.4 Rent seeking through tariffs and quotas	348
15.4.1 The economic effects of tariffs, quotas, and voluntary export restraints	348
15.4.2 Endogenous protection models	350
15.4.3 Remaining puzzles	353
15.5 Rent seeking in other governmental activities	354
15.6 How large are the welfare losses from rent seeking?	355
16 Bureaucracy	359
16.1 Uncertainty, information, and power	360
16.2 The budget-maximizing bureaucrat	362
16.2.1 Environment and incentives	362
16.2.2 The model	363
16.3 Extensions of the model	365
16.3.1 Alternative institutional assumptions	365
16.3.2 Bargaining between sponsor and bureau	368
16.4 Alternative behavioral assumptions	368
16.4.1 The slack-maximizing bureaucrat	368
16.4.2 The risk-avoiding bureaucrat	370
16.5 Empirical tests	371
16.5.1 Power of the agenda setter	371
16.5.2 Cost differences between publicly and privately provided services	373
16.6 The government as Leviathan	380
16.6.1 Theory	380
16.6.2 Empirical testing – government expenditures and taxes	382
16.7 Conclusions	384
17 Legislatures and bureaucracies	386
17.1 The Congressional-dominance model	386
17.1.1 Congressional dominance through administrative structure	386
17.1.2 Congressional dominance through administrative procedure	388
17.2 The impact of uncertainty and transaction costs	388
17.2.1 Uncertainty and the locus of responsibility	389
17.2.2 Uncertainty, transaction costs, and commitment	389
17.3 Congress and the president	391
17.3.1 The legislature controls the president	391
17.3.2 Presidential control over the legislature	393
17.3.3 The problem of deadlocks	395

xii	<b>Contents</b>	
	17.4 Congress, the president, and the judiciary	399
	17.4.1 Adding the judiciary to the model	399
	17.4.2 The goals of the judiciary	399
	17.5 Legislative decision making in the European Union	401
	17.6 Conclusions	405
18	Dictatorship	406
	18.1 The origins of dictatorship	407
	18.2 The goals of dictators	409
	18.2.1 The consumption of the dictator	409
	18.2.2 Power	411
	18.2.3 Security	411
	18.3 The functioning and survival of dictatorships	412
	18.3.1 The utility-maximizing dictator	412
	18.3.2 Tin pots and totalitarians	413
	18.3.3 Selective strategies to survive	414
	18.3.4 The dictator's dilemma	416
	18.3.5 The limits of totalitarianism	417
	18.4 The rise and decline of dictatorships	417
	18.5 Dictatorship and economic performance	420
	18.5.1 The relative advantages of dictatorship and democracy	420
	18.5.2 The relative economic performance of dictatorships and democracies	422
	18.5.2.1 A direct test of Wintrobe's model of dictatorship	424
	18.6 Conclusions	424
	<b>Part IV Applications and testing</b>	
19	Political competition and macroeconomic performance	429
	19.1 Macroeconomic performance and political success	429
	19.1.1 Vote and popularity functions	429
	19.1.2 Whom do voters hold responsible?	433
	19.2 Opportunistic politics	437
	19.2.1 With myopic voters	438
	19.2.2 With rational voters	439
	19.3 Partisan politics	440
	19.3.1 Partisan politics with retrospective voters	443
	19.3.2 Partisan politics with rational, forward-looking voters	444
	19.4 The evidence	446
	19.4.1 Do politicians try to manipulate the macroeconomic environment?	446
	19.4.2 Are there partisan biases?	447
	19.4.3 Which theories fit the data best?	451
	19.4.4 Additional evidence for the Alesina/Rosenthal model	455
	19.4.5 Discussion	456
	19.5 Voter behavior	459
	19.5.1 Myopic, retrospective, rational	459
	19.5.2 Sociotropic or egotropic	460
	19.6 Politics and inflation	461

<b>Contents</b>	xiii
19.6.1 Hypotheses	461
19.6.2 The facts	462
19.6.3 Central bank independence	465
19.7 Deficits	466
19.7.1 The facts	466
19.7.2 Hypotheses	466
19.7.2.1 Fiscal illusion and Keynesian delusions	466
19.7.2.2 Political business cycles	467
19.7.2.3 Partisan effects	467
19.7.2.4 Government paralysis	467
19.7.2.5 Budgetary rules	468
19.7.3 The evidence	468
19.8 Reflections	469
20 Interest groups, campaign contributions, and lobbying	472
20.1 The logic of collective action	473
20.2 Models of interest group behavior in politics	475
20.2.1 Informative campaigning in a Downsian model	476
20.2.2 Persuasive campaigning in a Downsian model	477
20.3 Empirical studies of the causes and consequences of campaign contributions	481
20.3.1 Votes for a candidate are a function of campaign expenditures	481
20.3.2 Determinants of campaign contributions	486
20.3.3 Determinants of representative voting behavior – campaign contributions	489
20.3.4 Determinants of representative voting behavior – ideology or pure survival	489
20.3.5 Evaluation	493
20.4 Lobbying	496
20.5 The welfare effects of interest group activities	497
21 The size of government	501
21.1 The facts	501
21.2 Explanations for the size and growth of government	506
21.2.1 The government as provider of public goods and eliminator of externalities	506
21.2.1.1 “Taste variables”	507
21.2.1.2 Income	509
21.2.1.3 The Baumol effect	510
21.2.2 The government as redistributor of income and wealth	511
21.2.2.1 The Meltzer and Richard model	512
21.2.2.2 Additional redistribution–growth-of-government hypotheses	514
21.2.2.3 Some logical/empirical difficulties with the redistribution– growth-of-government hypothesis	515
21.2.2.4 Direct empirical tests of the redistribution–government-size hypothesis	516
21.2.3 Interest groups and the growth of government	519
21.2.4 Bureaucracy and the growth of government	523

xiv	<b>Contents</b>	
	21.2.5 Fiscal illusion	527
	21.2.6 Tax elasticity	529
	21.3 Conclusions	530
22	Government size and economic performance	535
	22.1 The welfare losses from taxation	536
	22.2 Government size and black market activity	539
	22.3 Government size and corruption	544
	22.4 Government size and economic productivity	545
	22.5 Government size and economic growth	548
	22.5.1 Methodological issues	548
	22.5.2 The evidence	551
	22.6 Government activity and the economic decline of nations	554
	22.6.1 The logic	554
	22.6.2 Empirical evidence	556
	22.7 Conclusions	559
	<b>Part V Normative public choice</b>	
23	Social welfare functions	563
	23.1 The Bergson-Samuelson social welfare function	563
	23.2 Axiomatic social welfare functions	568
	23.2.1 Fleming's social welfare function	568
	23.2.2 Harsanyi's social welfare function	569
	23.2.3 Two criticisms of Harsanyi's social welfare function	571
	23.2.3.1 Should individual attitudes toward risk count?	571
	23.2.3.2 Can individuals agree on a value for $W$ ?	572
	23.2.4 Ng's social welfare function	575
	23.2.5 Nash's and other multiplicative social welfare functions	576
	23.3 What form of social welfare function is best?	578
24	The impossibility of a social ordering	582
	24.1 Logic of the proof	583
	24.2 Relaxing the postulates	585
	24.2.1 Transitivity	586
	24.2.2 Unrestricted domain	589
	24.2.3 Independence of irrelevant alternatives	590
	24.3 Strategy-proof social welfare functions	592
	24.4 Implications for public choice	595
25	A just social contract	597
	25.1 The social contract	598
	25.2 The two principles of justice	599
	25.3 Extensions of the theory to other political stages	602
	25.4 Critique of the Rawlsian social contract	603
	25.4.1 The social contract	603
	25.4.2 The two principles of justice	607
	25.4.3 Experimental evidence	609
	25.5 Two utilitarian defenses of the maximin principle	609
	25.5.1 Maximin as a means to obtain compliance	609
	25.5.2 Maximin as a redistribution principle	611
	25.6 The social contract as a constitution	612

<b>Contents</b>	xv
26 The constitution as a utilitarian contract	615
26.1 The constitutional context	616
26.2 The two-action case	617
26.3 The constitutional contract	619
26.3.1 Optimal collective action with only identity uncertainty	620
26.3.2 Optimal collective action with identity and numbers uncertainty	622
26.3.3 Optimal collective action with identity, numbers, and payoff uncertainty	624
26.4 Symmetric and asymmetric bans and obligations	624
26.5 Continuous actions with interdependent utilities	625
26.6 Decision-making costs	627
26.6.1 Prisoners' dilemmas	628
26.6.2 Direct conflicts	631
26.7 Rights and obligations	631
26.8 Constitutions: contracts or conventions?	634
26.8.1 Constitutions as contracts	634
26.8.2 Constitutions as conventions	636
26.8.3 Discussion	637
26.9 Conclusions regarding two-stage theories of social choice	639
26.10 From the normative, two-stage theory of constitutions to hypothesis testing	640
27 Liberal rights and social choices	643
27.1 The theorem	643
27.2 Resolving the paradox	644
27.2.1 Rights over Pareto	644
27.2.2 Pareto trades of actions	646
27.2.3 Pareto trades of rights	648
27.3 Rights over social states versus rights over actions	650
27.4 Liberal rights and obligations	651
27.5 Constitutional rights and liberal rights	652
 <b>Part VI What have we learned?</b>	
28 Has public choice contributed anything to the study of politics?	657
28.1 The failures of rational actor models of politics	658
28.2 The rational choice approach to modeling	659
28.3 The prediction of cycling	662
28.4 The predictions of spatial models	663
28.5 Predicting voting and free-riding	666
28.6 Can public choice contribute to the positive study of political institutions?	668
28.7 Has public choice contributed anything to the normative study of political institutions?	670
28.8 Conclusions	671
29 Allocation, redistribution, and public choice	675
<i>References</i>	683
<i>Name index</i>	749
<i>Subject index</i>	763

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## Preface

This book is a revision of *Public Choice II*. In revising the book, I have largely retained the structure of *Public Choice II* – most of the material contained in that volume reappears in this one. In some cases, this has resulted in very modest changes in a chapter and in quite substantial changes in others. Several new chapters have been written to cover topics that have cropped up or increased in importance since the previous edition was written. I have also attempted to retain the same level of difficulty as the previous version. Because the literature has become continuously more theoretical and mathematical, more mathematics appears in the new material than in the previous text, and the distinction between “easy” and “difficult” sections denoted by a \* has become more arbitrary. Some may question my decision not to drop more material from the previous text, where little new work has appeared, to leave more space for new material. I have chosen not to go this route because I still think of the book as a survey of *all* of the major topics in public choice. That little new has appeared concerning Arrow impossibility theorems in recent years does not imply that the issues raised by this work are any less important, or that they should be omitted in a basic course in public choice – or so I believe.

*Public Choice III* represents a substantial expansion of its predecessor, just as *Public Choice II* was a substantial expansion of its forerunner. Nevertheless, the fraction of the literature covered adequately by *Public Choice III* is far smaller than that of the earlier versions of the text. I fear that many readers will feel that I have done an inadequate job of covering this or that topic, or that I have unfairly neglected some important contributions. I apologize for such omissions. To keep the book within reasonable bounds, I have had to shortchange some questions and authors.

Those familiar with *Public Choice II* may find the following summary of changes helpful.

xviii **Preface**

Chapter in PC III	Relationship to PC II
1	Modest revision of Ch. 1
2	Revised version of Ch. 2
3	Substantial revision of Chs. 3 and 23
4	Revised version of Ch. 4
5	Revised version of Ch. 5
6	Modest revision of Ch. 6
7	Modest revision of Ch. 7
8	Modest revision of Ch. 8
9	Modest revision of Ch. 9
10	New chapter
11	Revised version of Ch. 10
12	Revised version of Ch. 11
13	Substantial revision of Ch. 12
14	Revised version of Ch. 18
15	Substantial revision of Ch. 13
16	Revised version of Ch. 14
17	New chapter
18	New chapter
19	Substantial revision of Ch. 15
20	Substantial revision of Ch. 16 with additional material from Ch. 11
21	Revised version of Ch. 17
22	New chapter
23	Modest revision of Ch. 19
24	Modest revision of Ch. 20
25	Revised version of Ch. 21
26	Substantial revision of Ch. 22, almost a new chapter
27	New chapter that expands the material from Sec. C of old Ch. 20
28	New chapter
29	Modest revision of Ch. 24

I would like to thank several authors and publishers who have been kind enough to allow me to reproduce a figure or table from one of their publications.

1. Material from tables 1 and 3 in Avinash Dixit and Mancur Olson. 2000. "Does Voluntary Participation Undermine the Coase Theorem?" *Journal of Public Economics*, 76 (June): 309–35. Elsevier Science.
2. Material from tables 1 and 3 in Åsa Hansson and Charles Stuart. Forthcoming. "Peaking of Fiscal Sizes of Government," *European Journal of Political Economy*. Elsevier Science.
3. Figures 5.7b, 5.13, and 5.20b from Richard D. McKelvey and Peter C. Ordeshook. 1987. "A Decade of Experimental Research of Spatial Models of Elections and Committees," in J. M. Enelow and M. J. Hinich, eds. *Advances in the Spatial Theory of Voting*. Cambridge: Cambridge University Press, pp. 99–144.
4. Material from table in Norman Schofield. 1993. "Political Competition in Multiparty Coalition Governments," *European Journal of Political Research*, 23: 1–3. Kluwer Academic Publishers.

**Preface**

xix

5. Material from table on page 91 of Ulrich Koester and Stefan Tangermann. 1990. "The European Community," in F. H. Sanderson, ed. *Agricultural Protection in the Industrial World*. Washington, D.C.: Resources for the Future, pp. 64–111.
6. Material from tables 10.1 and 10.3 in Dennis C. Mueller. 1996. *Constitutional Democracy*. Oxford: Oxford University Press.
7. Substantial portions of Dennis C. Mueller. 2001. "The Importance of Uncertainty in a Two-Stage Theory of Constitutions," *Public Choice*, 108, (Sept.): 223–58. Kluwer Academic Publishers.
8. Material from table 3.3.2 in Friedrich Schneider and Dominik H. Enste. 1998. "Increasing Shadow Economies All over the World – Fiction or Reality?" Mimeo. University of Linz.
9. Figure 6.1 in Michael Laver and Kenneth Shepsle. 1996. *Making and Breaking Governments*. Cambridge: Cambridge University Press.
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12. Material from figure 4.1 in Alberto Alesina and Howard Rosenthal. 1995. *Partisan Politics, Divided Government, and the Economy*. Cambridge: Cambridge University Press.

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