Principles of Politics

A Rational Choice Theory Guide to Politics and Social Justice

Modern rational choice and social justice theories allow scholars to develop new understandings of the foundations and general patterns of politics and political behavior. In this book, Joe Oppenheimer enumerates and justifies the empirical and moral generalizations commonly derived from these theories. In developing these arguments, Oppenheimer gives students a foundational basis of both formal theory, and theories of social justice, and their related experimental literatures. He uses empirical findings to evaluate the validity of the claims. This basic survey of the findings of public choice theory for political scientists covers the problems of collective action, institutional structures, citizen well-being and social welfare, regime change, and political leadership. Principles of Politics highlights what is universal to all of politics and examines both the empirical problems of political behavior and the normative conundrums of social justice.

Joe Oppenheimer is Emeritus Professor in the Department of Government and Politics at the University of Maryland.
Principles of Politics

A Rational Choice Theory Guide to Politics and Social Justice

JOE OPPENHEIMER

University of Maryland
Abstract

People have claimed to understand the empirical and moral principles of politics for thousands of years. These assertions have never escaped contention. This book is about some of the empirical and moral generalizations arrived at with the tools that comprise what might be called the new political science. The book deals with the findings directly. It also explores how one justifies such claims. It reveals how the quality of the justification helps to determine the quality of the claims. The foundations used to develop the arguments, or justifications, are those of rational choice and social justice theories. But one usually needs more than reason to establish (or, for that matter, to disestablish) claims of knowledge about politics. Empirical findings, especially those gleaned from careful laboratory experiments, are introduced to help the reader evaluate the validity of the claims. The principles discussed improve our understanding of concepts such as social welfare, collective action, altruism, distributive justice, group interest, democratic performance, and more. The methods employed help us understand what is universal to all of politics. This volume zeros in on these universals with an eye to both the empirical problems and the normative conundrums of politics.
Contents

Propositions and Corollaries page ix
Tables xv
Figures xvii
Sidebars xx
Definitions xxi
Preface xxiii
Overview of the Book xxvii
Acknowledgments xxxi

Introduction: Politics, Universals, Knowledge Claims, and Methods 1

PART I. THE LOGIC OF COLLECTIVE ACTION
1. Voluntary Contributions and Collective Action 27
2. Going Beyond the Prisoner Dilemma 60
3. Collective Action Applications to and Beyond Democratic Politics 71

PART II. COLLECTIVE CHOICE
4. Individual to Collective Choice in One-Dimensional Politics 95
5. Individual to Collective Choice More Generally 116

PART III. POLITICAL INSTITUTIONS AND QUALITY OUTCOMES
6. Political Necessity and the Tethering of Leaders 143
## Contents

7. A Few Institutional Pitfalls 161  

PART IV. SOCIAL JUSTICE, CHOICE, AND WELFARE  
8. The General Problem of Collective Welfare and Choice 193  
9. Voting Rules 211  
10. Social Welfare and Social Justice: A Partial Integration 223  
   Conclusion: Questions and Lessons 245  

Bibliography 253  
Name Index 269  
Subject Index 273
Propositions and Corollaries

Throughout, empirical propositions are in bold; corollaries are not. Both are in small caps. Normative propositions (in bold) and corollaries (not bold) are italicized.

AN UNORGANIZED GROUP CANNOT OPTIMALLY SATISFY ITS SHARED OR COLLECTIVE INTERESTS. page 27

A GROUP CAN ONLY GET MEMBERS TO CONTRIBUTE TO SOLVE ITS SHARED PROBLEMS BY PROVIDING INCENTIVES INDEPENDENT OF THE PUBLIC GOOD. page 27

INDIVIDUALS DON’T HAVE AN INCENTIVE TO GIVE THEIR TRUE VALUATION OF A PUBLIC GOOD. page 28

FOR GROUPS OF PEOPLE TO MEET THEIR SHARED NEEDS OVER TIME THEY MUST HAVE THE FREEDOM TO ORGANIZE THEMSELVES POLITICALLY. page 28

THE LARGER THE GROUP, THE FURTHER FROM OPTIMAL WILL BE THE AMOUNT OF A PUBLIC GOOD WHICH AN UNORGANIZED GROUP WILL SUPPLY ITSELF. page 29

THE FURTHER FROM OPTIMAL THE GROUP IS WITHOUT ORGANIZATION, THE GREATER WOULD BE THE POTENTIAL PROFIT IN ORGANIZING THE GROUP TO SATISFY THEIR COMMON INTERESTS OR TO SUPPLY THEM WITH PUBLIC GOODS. page 29

POLITICS IS POTENTIALLY MORE PROFITABLE FOR POLITICAL LEADERS IN LARGER GROUPS. page 29

POLITICAL COMPETITION WILL BE STIFFER IN LARGER GROUPS. page 29

IN MOST COLLECTIVE ACTION PROBLEMS THERE WILL BE A BREAKEVEN POINT, SUCH THAT IF MORE THAN THE BREAKEVEN NUMBER OF PEOPLE CAN...
Propositions and Corollaries

BE ORGANIZED TO GIVE, THEY WILL FIND IT REASONABLE TO GIVE, EVEN THOUGH THEY HAD A DOMINANT STRATEGY TO NOT GIVE. page 31

POLITICAL LEADERS CAN USUALLY SUCCEED IN TURNING A COLLECTIVE ACTION DILEMMA INTO SOMETHING OF A COLLECTIVE SUCCESS BY ORGANIZING JUST A SUBGROUP OF INDIVIDUALS. page 31

WHEN PEOPLE CARE ABOUT THE FUTURE PAYOFFS FROM INTERACTIONS THAT ARE REPEATED, THERE IS SUBSTANTIALLY GREATER POTENTIAL FOR COOPERATION IN PROBLEMS OF COLLECTIVE ACTION. page 37

PEOPLE WHO ARE TRANSITORY MEMBERS OF GROUPS (SHORT TIMERS) ARE LESS LIKELY TO BEHAVE COOPERATIVELY TO SOLVE COLLECTIVE ACTION PROBLEMS. page 37

SOMETIMES POLITICAL LEADERS CAN SUCCEED BY TURNING A COLLECTIVE ACTION DILEMMA INTO AN ASSURANCE GAME, AND THEN BY ORGANIZING A SUFFICIENT SUBGROUP, GENERATING A BANDWAGON EFFECT IN THE GROUP AS A WHOLE. page 44

EFFECTIVE POLITICAL LEADERS ENGINEER SITUATIONS TO EXPAND THE RANGE OVER WHICH A CONTRIBUTION WILL MAKE A DIFFERENCE. page 48

EFFECTIVE POLITICAL LEADERS ENCOURAGE INDIVIDUALS TO BELIEVE THE PROBABILITY THAT THEIR CONTRIBUTION WILL MAKE A BIG DIFFERENCE IS HIGH. page 48

INDIVIDUALS HAVE A DISCOUNTED INTEREST IN ACQUIRING INFORMATION ABOUT POLITICAL AFFAIRS AND WILL, IN GENERAL, REMAIN RATIONALLY IGNORANT REGARDING POLITICS. page 50

THE WEALTHY WILL BE BETTER POLITICALLY INFORMED THAN THE POOR. THEREFORE, WITHOUT MASS ORGANIZATIONS SUCH AS UNIONS OR CLASS-BASED PARTIES, THE POOR, MORE OFTEN THAN THE WEALTHY, WILL MISIDENTIFY THEIR POLITICAL INTERESTS. page 51

DEMOCRACIES ARE NOT LIKELY TO HAVE MUCH BETTER FOREIGN POLICIES THAN NON-DEMOCRACIES; THE BENEFITS FROM DEMOCRACY WILL MAINLY BE IN THEIR IMPROVED DOMESTIC POLICIES. page 51

POLITICAL BEHAVIOR BY CITIZENS (ALTHOUGH NOT LEADERS) CAN BE EXPECTED TO BE SUBSTANTIALLY MORE AMORAL AND IRRESPONSIBLE THAN THEIR ECONOMIC AND PERSONAL BEHAVIOR. page 52

THE GREATER THE COSTS OF ACQUIRING INFORMATION FROM COMPETING SOURCES, THE LARGER WILL BE THE MORAL GAP BETWEEN POLITICAL AND PERSONAL BEHAVIOR. page 52

If common-pool resources that are vital to life are to be privatized, then programs are required to ensure the less fortunate economic security or access to these resources in times of shortages when prices are liable to rise. page 55
A small group of intensely motivated individuals is far more likely to take action to achieve a shared goal than is a large group of individuals who are each not very seriously affected by the outcome. \textit{page 56}

Turnout will be higher in elections that appear to be closer and where the stakes are larger. \textit{page 59}

Turnout will go down when voting becomes more inconvenient or more costly. \textit{page 59}

With single-peaked preferences in one dimension, the equilibrium outcome of a majority rule, pairwise vote will be the most preferred (or ideal) point of the median voter. \textit{page 68}

With single-peaked preferences in one dimension, and pairwise majority rule, the median voter’s most preferred (or ideal) point will be the core. \textit{page 69}

The alternative closer to the median will always win in pairwise majority rule. \textit{page 69}

Majority rule, when all voters have single-peaked preferences, delivers Pareto, or optimal, results. \textit{page 70}

In simple two-party elections, candidates will have a strong tendency to adopt a position near that of the median voter. \textit{page 71}

In primaries there will be a tendency for the competitors to adopt positions near the middle of the distribution of their own party’s voters. Given consistency and credibility requirements, there may be limited room to move away from that position toward that of the median voter. \textit{page 71}

If there are only two parties in an election, and both take an unambiguous stand about the issues of the day, the parties may each be represented by a single point in some larger (multidimensional) space. Voters can be expected to support the party with the position closest to them. \textit{page 73}

When there is a bicameral legislature and the distribution of voters varies between the chambers of the legislature, then which chamber decides first may determine whether the status quo will prevail, as well as what can replace it. \textit{page 76}

Introducing checks and balances restricts the responsiveness of the system to the needs, welfare, and preferences of the median voter. \textit{page 79}

When issues are multidimensional, majority rule can lead to results that are not Pareto optimal. \textit{page 83}
IN GENERAL, WITH SINGLE-PEAKED PREFERENCES IN MORE THAN ONE DIMENSION THERE IS NO POINT THAT WILL BE IN EQUILIBRIUM WITH THE USE OF MAJORITY RULE. page 84

IN MULTIDIMENSIONAL SITUATIONS AND USING MAJORITY RULE, PREFERENCES ARE LIKELY TO SUPPORT VOTING CYCLES. page 85

IN GENERAL, WITH SINGLE-PEAKED PREFERENCES IN MORE THAN ONE DIMENSION AND THE USE OF MAJORITY RULE, THERE IS NO POINT THAT WILL BE IN THE CORE: THE CORE WILL BE EMPTY. page 85

WITH A SET OF ALTERNATIVES THAT ARE IN MORE THAN ONE DIMENSION, MAJORITY RULE CAN LEAD A GROUP TO CHOOSE OUTCOMES THAT ARE ANYWHERE IN THE ALTERNATIVE SPACE. page 86

WITH MAJORITY RULE, ANY SUBOPTIMAL OUTCOME IS LIKELY TO BE REPLACED BY ONE THAT IS CLOSER TO THE PARETO SET AND, HENCE, PREFERRED BY ALL. page 86

SPECIAL MAJORITY RULES CAN HELP STABILIZE GAINS THAT GROUPS CAN ACHIEVE IN THE MAKING OF BINDING DECISIONS WITH DEMOCRATIC RULES. page 87

IN GENERAL WHEN THE PLACEMENT OF “BADS” ARE THE SUBJECT OF COLLECTIVE DECISIONS, PLACEMENT WILL BE FAR FROM THE PHYSICAL LOCATION OF THE PREDOMINANT CLUSTER OF VOTERS. IF THERE IS NO SUCH CLUSTER, IT WILL STILL BE PLACED AT OR NEAR THE EDGE OF THE POSSIBLE SPACE. page 89

DEMOCRATIC PROCESSES AMONG PROFESSIONAL POLITICIANS LEAD TO OUTCOMES IN PREDICTABLE RANGES EVEN IF THEY CANNOT BE SPECIFIED MORE EXACTLY. WITH WIDE LATITUDE OF ARRANGEMENTS THESE RANGES TEND TO THE CENTER OF THE DISTRIBUTION OF THE VOTER’S IDEAL POINTS AND CAN BE EXPECTED TO BE WITHIN THE UNCOVERED SET. page 92

WHEN WE FACE EXTERNALITIES, ONLY WHEN A PARETIAN BARGAIN IS IN EQUILIBRIUM CAN WE EXPECT INDIVIDUAL RATIONAL BEHAVIORAL OUTCOMES TO GENERATE OPTIMALITY. page 102

FACED WITH EXTERNALITIES, GOVERNMENTAL ACTION IS AS LIKELY TO BE NECESSARY TO ACHIEVE GOOD SOCIAL OUTCOMES AS NOT. page 102

IN MOST PUBLIC GOOD SITUATIONS THE SUPPLIER IS A NATURAL MONOPOLIST. page 103

COMPETITION AMONG WOULD-BE SUPPLIERS OF PUBLIC GOODS IS ABOUT REPLACEMENT RATHER THAN MARKET SHARE. page 103

The first requirement of any decent political system is to ensure political succession not be contested in a manner that jeopardizes the welfare of the general population. page 103
NON-DEMOCRATIC GOVERNMENT BY SELF-INTERESTED RULERS CAN LEAD TO A PROSPEROUS CITIZENRY. FOR CIVILIZATION TO THRIVE, DEMOCRACY IS NOT NECESSARY BUT GOVERNMENT MUST HAVE AN INCENTIVE FOR THE POPULATION TO THRIVE. page 104

INCREASED COSTS OF A NON-DEMOCRATIC RULER’S COALITION INCREASES THE RULER’S RAPACIOUSNESS AND HURTS THE WELL-BEING OF THE CITIZENS. page 105

THE LARGER THE DEMOCRATIC (MAJORITARIAN) COALITION THAT RULES, THE MORE THEIR INCENTIVES WILL COINCIDE WITH THOSE OF THE CITIZENRY. page 105

BETTER OUTCOMES FOR BENEFICIARIES REQUIRE THAT THEIR INTERESTS IMPACT THE REWARD STREAM OF AGENTS. page 108

INSTITUTIONAL DESIGN TO INCREASE COMMITMENT TO POLICY DECISIONS IMPLIES A DECREASE IN POLITICAL RESPONSIVENESS. page 109

DEMOCRACY IS EASIER TO ACHIEVE FROM A POLITICAL STRUGGLE INVOLVING REGIME CHANGE WHEN CAPITAL IS MOBILE AND THE SOCIETY IS RELATIVELY EGALITARIAN. page 110

WHEN INDIVIDUALS HAVE RIGHTS AND WHEN THEIR BEHAVIOR IS OF GREATER IMPORTANCE TO OTHERS THAN TO THEMSELVES, AND THEIR PREFERENCES ARE IN CONFLICT, PARETO OPTIMALITY MAY BE SACRIFICED. page 115

WHEN THE GOVERNMENTAL BOUNDARIES DON’T MATCH THE BOUNDARIES OF THE BENEFIT GROUP FOR THE PUBLIC GOODS BEING SUPPLIED, ONE CAN EXPECT A PARETO SUBOPTIMAL OUTCOME. page 118

ALLOWING SUBGROUPS OF BENEFICIARIES TO SET UP A LOCAL AUTHORITY TO IMPROVE THE DELIVERY OF PUBLIC GOODS FOR THEMSELVES WILL USUALLY HAVE REDISTRIBUTIVE CONSEQUENCES THAT CONFLICT WITH NOTIONS OF FAIRNESS. page 119

COMPULSORY VOTING LEADS TO LESS POLARIZATION OF PLATFORMS. page 121

Compulsory voting leads to platforms that, as a set, better reflect the values of the population as a whole. page 121

Any acceptable conception of social well-being requires that individuals’ welfare be comparable. page 129

No one, in general, is in a better position than the individual to gain direct knowledge of what is good for herself based on observation, discussion, consultation, and inward reflection. page 132

In a democracy the social good is inextricably wound up with the well-being of the citizenry. page 132
**Propositions and Corollaries**

*Individual welfare is given an implicit moral status in democracies: it is good.* page 133

Without interpersonal comparisons, we will be unable to do more than seek Pareto optimality when deciding what is better for the group. page 137

Where each voter is free to propose new alternatives, purely distributive issues cycle if the judgments are based on simple self-interest. page 142

Effective vote-trading requires an underlying cyclic preference pattern. page 142

Political outcomes are not explicable by the preferences of the voters and the voting rules alone. Rather explanation requires consideration of the strategies voters choose, along with the rules of the political institutions that govern the agenda. page 142

The choice of voting rules will make a substantial difference in the quality, responsiveness, and stability of the outcomes that the group chooses. page 148

People want a floor of support so all may be able to meet their basic needs. page 157

Democratic governments are in part legitimated by meeting their custodial obligations to their citizens. page 158

Democratic governments have an obligation to ensure conditions are met so the basic needs of their citizenry can be satisfied. page 158
Tables

<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>t1</td>
<td>Jim and Joan Consider a River Walk</td>
<td>31</td>
</tr>
<tr>
<td>t2</td>
<td>Jim and Joan Consider Visiting a Relative: Depicted as a Prisoner Dilemma Game</td>
<td>32</td>
</tr>
<tr>
<td>t3</td>
<td>Value of Donating, Given Behaviors of Others: Illustrating the Problem of Collective Action</td>
<td>33</td>
</tr>
<tr>
<td>t4</td>
<td>Value of Donating, with Punishment</td>
<td>48</td>
</tr>
<tr>
<td>t5</td>
<td>Two-Person Prisoner Dilemma Game</td>
<td>52</td>
</tr>
<tr>
<td>t6</td>
<td>Some Alternatives in a Twice Repeated Two-Person Prisoner Dilemma</td>
<td>54</td>
</tr>
<tr>
<td>t7</td>
<td>Neighbors in an Assurance Game</td>
<td>61</td>
</tr>
<tr>
<td>t8</td>
<td>Neighbors in a Chicken Game</td>
<td>65</td>
</tr>
<tr>
<td>t9</td>
<td>Types of Goods</td>
<td>81</td>
</tr>
<tr>
<td>t9</td>
<td>The Calculus of Purely Instrumental Voting</td>
<td>85</td>
</tr>
<tr>
<td>t10</td>
<td>A Two-Party Externality Showing Profits of Both Enterprises</td>
<td>144</td>
</tr>
<tr>
<td>t11</td>
<td>Values of Coalitions – No Core</td>
<td>146</td>
</tr>
<tr>
<td>t12</td>
<td>Instability of Agreements with No Core</td>
<td>147</td>
</tr>
<tr>
<td>t13</td>
<td>Liberal Paradox: Preferences over the 3 Outcomes</td>
<td>166</td>
</tr>
<tr>
<td>t14</td>
<td>The Cyclic Nature of Outcomes in a Liberal Paradox</td>
<td>167</td>
</tr>
<tr>
<td>t15</td>
<td>Liberty Game Form</td>
<td>168</td>
</tr>
<tr>
<td>t16</td>
<td>Arrow’s Proposed Desirable Characteristics for a Conception of Social Welfare</td>
<td>199</td>
</tr>
<tr>
<td>t17</td>
<td>The Group Decisive for A, B Is Decisive for All Alternatives</td>
<td>203</td>
</tr>
</tbody>
</table>
List of Tables

t18. The Decisive Group Is One Individual 204
t19. Preferences Supporting a Voting Cycle with Majority Rule 207
t20. Distributive Proposals that Cycle 209
t21. The Borda Count Violates Independence 214
t22. Condorcet Criteria 216
t23. Voting by Veto and Moderation in Choice 217
Figures

f1. Graphing the Payoffs of a Ten-Person Prisoner Dilemma Game  
   Page 43
f2. The Value of Donating with Decreasing Marginal Valuation  
   46
f3. Average Contributions in Five-Person Groups in a VCM Experiment  
   56
f4. Example of a Moderately Cooperative Subject in an  
    n-Person Prisoner Dilemma Game Experiment  
   57
f5. An n-Person Assurance Game  
   63
f6. A Chicken Game  
   65
f7. The Value of Cooperating with a Step Function  
   67
f8. Contributing to a Public Good: The General Case  
   68
f9. Display of the Value of Voting and Not Voting  
   84
f10. Map of U Street  
    96
f11. Violating Single-Peaked Preferences  
    98
f12. Pareto Set Given N=5, Single-Peaked Preferences, One Dimension  
    101
f13. Tendency toward Matching Platforms around the Median Voter’s Ideal Point Regardless of Voter Distribution around the Median Voter  
    104
f14. Tendency toward Diverging Platforms with Closed Primaries, Indifference, or Alienation  
    105
f15. Two-Party Competition Reduces the Space to One Dimension  
    106
f16. The Power of a Legislative Committee  
    107
List of Figures

f17. The Power of a Legislative Committee to Block Movement 108
f18. Bicameralism 110
f19. Preferences of Committee Members 112
f20. The U.S. Senate’s Filibuster Rule Empowering 40 percent to Prevent the End of Debate on a Bill 113
f22. The Hull of Ideal Points as the Pareto Set 120
f23. Three Persons, Two Dimensions when Preferences Are Single-Peaked in Two Dimensions 121
f24. Instability with Special Majority Rules 123
f25. Equilibrium When There Is Radial Symmetry 124
f26. With Majority Rule One Can Move Further and Further from the Pareto Set (Wildness) 125
f27. The ‘Pull’ of the Pareto Set 125
f28. Greater Concern for One Issue (Security) Leads to Elliptical Indifference Curves 129
f29. Non-independent Issues 130
f30. Closeness to the Median Line and Winning in Majority Rule 132
f31. Illustrating the Covering Relation 133
f32. Eight voters, r = yoke, 4r Contains the Uncovered Set 134
f33. Yolks for n = 3 and n = 5 135
f34. Principal-Agent Problem 141
f35. The Simplified Constituent-Beneficiary-Agent Problem When Constituents (C₁,...,n) Are Also the Beneficiaries (B₁,...,n) 154
f36. The Typical Political / Policy Problem Where the Constituents Aren’t Necessarily the Beneficiaries (Here Showing a Case of No Overlap) 156
f37. Credible Commitment Illustrated with a Two-Person Prisoner Dilemma Game 157
f38. Two Different Systems of Veto Points 163
f39. Outcome Prediction with Two Veto Players 164
f40. Outcome Prediction When the Second Veto Players Have to Compete 164
f41. The Cycle in the LP 167
f42. Liberal Paradox and Prisoner Dilemma Cycles 168
List of Figures

f43. Social Choice and Social Welfare Problems and Their Political Relationship. 189
f44. Performance of Countries on the Aggregate Index 238
f45. Poverty Rates and Social Welfare Spending [Förster and d’Ercole (2005)] 239
Sidebars

1 On the Power of Deduction  page 7
2 Experimental Evidence of Preference Intransitivity  18
3 Discounting Future Rewards  53
4 Types of Goods  81
5 The Incentive to Vote  86
6 One-Dimensional Policies  97
7 The Median Voter’s Ideal Point Is the Equilibrium Outcome  99
Definitions

knowledge  page 3
expected value  13
other-regarding  15
self-interest  15
transitive  16
complete  17
indifference  17
reflexive  17
budget constraint  19
public goods  27
non-excludable  27
indivisible  27
private goods  27
excludable  27
divisibility  27
free-ride  28
crowding  28
game  30
players  31
Pareto optimality, Pareto improvement  35
sub-optimal  35
dominant strategy  37
Nash equilibrium  37
prisoner dilemma game  37
marginal benefits and costs  45
backward induction  51

xxi
<table>
<thead>
<tr>
<th>Definitions</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>rollback</td>
<td>51</td>
</tr>
<tr>
<td>discount rate</td>
<td>52</td>
</tr>
<tr>
<td>tit-for-tat</td>
<td>52</td>
</tr>
<tr>
<td>ideal point</td>
<td>95</td>
</tr>
<tr>
<td>single-peaked preferences</td>
<td>96</td>
</tr>
<tr>
<td>core</td>
<td>99</td>
</tr>
<tr>
<td>the Pareto set</td>
<td>101</td>
</tr>
<tr>
<td>veto players</td>
<td>113</td>
</tr>
<tr>
<td>indifference curves</td>
<td>117</td>
</tr>
<tr>
<td>contract curve</td>
<td>119</td>
</tr>
<tr>
<td>median line</td>
<td>122</td>
</tr>
<tr>
<td>covered</td>
<td>133</td>
</tr>
<tr>
<td>uncovered</td>
<td>133</td>
</tr>
<tr>
<td>the uncovered set</td>
<td>133</td>
</tr>
<tr>
<td>the yolk</td>
<td>134</td>
</tr>
<tr>
<td>externality</td>
<td>140</td>
</tr>
<tr>
<td>principal-agent problem</td>
<td>141</td>
</tr>
<tr>
<td>updating</td>
<td>141</td>
</tr>
<tr>
<td>rents</td>
<td>153</td>
</tr>
<tr>
<td>game tree</td>
<td>157</td>
</tr>
<tr>
<td>ultimatum experiment</td>
<td>164</td>
</tr>
<tr>
<td>liberal paradox</td>
<td>165</td>
</tr>
<tr>
<td>game form</td>
<td>168</td>
</tr>
<tr>
<td>decisive group</td>
<td>202</td>
</tr>
<tr>
<td>Borda count</td>
<td>213</td>
</tr>
<tr>
<td>Condorcet efficiency</td>
<td>216</td>
</tr>
<tr>
<td>moral hazard</td>
<td>231</td>
</tr>
</tbody>
</table>
Preface

Politics is the subject of this volume. We can think of politics as those activities and behaviors associated with a group reaching “collective decisions” and with individuals undertaking “collective actions.” The true origin of politics may never be established. Some might believe it comes from our having fallen from grace by eating the forbidden fruit in the Garden of Eden. My perspective leads to more empirical responses. Politics arises because groups of people have to do things together to achieve shared goals such as building a bridge or, under some circumstances, even survival. There are things that we cannot achieve when we remain “unorganized.” This is especially so when groups of individuals share a desire for something costly that they would accomplish as a group. Examples abound but include such things as roads, environmental protection, and law and order. In the social sciences these are known as “public goods.”

To accomplish the objectives of securing public goods, leaders are selected and rewarded, taxes are collected, and political competition arises. Often, however, these are the very activities that get in the way and actually prevent groups from getting things done in their own interest. This volume explains why these sorts of contradictions occur: why politics is necessary, but so often dysfunctional. Indeed, politics is often so nasty that some people become anarchists and argue that politics can’t possibly be justified by the welfare needs of the group members.

For most of recorded history it was held that citizens were to support the welfare of the rulers. In this book such an ethical justification of politics and its hierarchies is reversed (as it has been by most political theorists since Thomas Hobbes’ *Leviathan*, 1651). Democracies are predicated on
the notion that the political is justified by the welfare of the citizens. This is asserted and enshrined in the Declaration of Independence. It claims that “all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty and the pursuit of happiness.” Then politics, or more specifically government, is asserted to be related to these rights, which include happiness: “That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed.”

One concern of this volume is to identify and explain the empirical and normative principles implied by this simple perspective on politics. By themselves, such normative principles aren’t a call to action. In medicine, it is not enough to say we want people to be healthy. We must understand disease. To control flooding rivers, we must understand hydraulics. To design political institutions that support the welfare of individuals, we must understand how individuals behave and how institutions work: we must understand the patterns that are inherent in politics. So the second, and indeed, primary, aim of this book is to give the reader an understanding of, and that means an explanation for, the deep patterns of politics. To illustrate, these include the universal emergence of monopolistic governments, the omnipresent wealth of political leaders, and the difficulty of holding political leaders accountable including.

To understand the patterns of politics in a group, we build on understanding the behavior of individuals in the group. Many of the modern explanations of the twists and turns that make up the purposive behavior of individuals are premised on a relatively intuitive idea: When people choose, their choices reflect their values and their constraints. Leverage over this behavior is often obtained through the logic of rational choice theory. It is perhaps counterintuitive that such a simple starting point can shine a powerful light on our understanding of the behaviors of governments, political organizations, and individuals. But the reader will discover it is so.

Indeed, the findings based on these theories are sufficiently broad to be of concern to many politically active citizens of the world. Although the main audience for this book is advanced undergraduates and graduate students of political science and political economy, hopefully the explanations are sufficiently clear to be of interest to the politically engaged citizen. Here I present the field’s major substantive conclusions, with some of their important and controversial implications. I also touch

---

1 This presumption is often called “methodological individualism.”
upon some of the research frontiers and transmit a feel for the logic of the arguments. Since the theoretical arguments are often mathematical, and I do not wish the formalisms to get in the way of the substance, when they are needed, I put much of those (simplified) arguments in “sidebars” and present the arguments less technically in the main text.  

Not all of the foundations of this “new” political science are recent. Rational choice theory has been around for a long time (certainly since Adam Smith’s eighteenth-century foray onto the philosophical stage). But until recently, mainly economists used the theory. Perhaps the nineteenth-century division of the social sciences into their modern Anglo-Saxon “departmental” identities led to this compartmentalization. Economists focused narrowly on markets, and political scientists on governments. Over the decades, the disciplines grew apart, but shortly before World War II economists arrived at theoretical conclusions that once again made the partial fusion of the fields somewhat possible.  

But the major expansion of the theory to cover political patterns grew out of the post-WWII effort of a few economists to cover nonmarket events. Their models ran into some difficulties and research to understand the problems helped spawn a new branch of inquiry: experimental economics. The rich crop we are currently reaping was sown by a few major characters, most of whom established a number of what are now standard subdisciplines within economics and the social sciences. The subfields include public finance (and the theory of public goods developed by Paul Samuelson, Economics Nobel laureate in 1970); game theory (begun by John von Neumann, but given a radical twist by John Nash, Economics Nobel laureate in 1994); experimental economics (begun by Vernon Smith, who was the Economics Laureate in 2002, and Charles Plott); social choice theory (invented almost whole cloth by Kenneth Arrow, who was the Economics Nobel laureate in 1972, and Duncan Black); and public choice theory (Mancur Olson, James Buchanan, who was the Economics Nobel laureate in 1986, Anthony Downs, and Gordon Tullock).

In the Introduction I discuss why the justification of one’s conclusions is important. This “method” of argument is one of the main elements in the powerful growth of claimed knowledge. How this “works” to expand knowledge is one of the main subjects of the Introduction.

Some of the earliest modern forays into political studies were made by Smithies (1929) and Hotelling (1941). They noted that rational choice theory could explain aspects of political competition. They saw politicians as picking a point in political space to attract voters much as shop owners choose to place a store in a town to pick up customers. Then von Neumann (1944) developed a theory (of “games”) to explain, among other things, coalition formation and strategic behavior – a topic of general concern to political scientists.
Their insights, founded on a view of choice based on selfish calculation, led to empirical anomalies. As such, researchers became concerned with how individuals’ feelings toward others (loyalty, fairness, doing the right thing) might be balanced with economists’ standard fare: the assumption of self-interest. Such an expansion meant that some of the conclusions needed to take into account what individuals thought to be fair, right, and just. Thus, some other major threads of the new political economy butt up against fields such as philosophy. There, theories of fairness and justice developed by John Rawls, Amartya Sen (Economics Nobel laureate in 1998), and others added immeasurably to the mix. Psychologists also got involved by considering how well rational choice theory fit into the observations they had made regarding personal choices. Notions both of bounded rationality developed by Herbert Simon (a political scientist and Economics Nobel laureate in 1978) and of prospect theory developed by Daniel Kahneman (Economics Nobel laureate, 2002) and his research partner, Amos Tversky (both psychologists) also added fundamentally to our understandings. Since many of the choices we make involve gambles and risk, we are enriched by the fundamental insights of those who worked on probability theory over the last few hundred years: individuals such as von Neumann and Thomas Bayes (the eighteenth-century English mathematician and Presbyterian minister). Finally, political scientists have also worked on these threads to weave a wide tapestry covering parts of all the traditional subfields of political science (for examples, see Riker, 1962 and 1982; Boix, 2003; Fearon, 1995 and 1998; Tsebelis, 2002; Lohmann, 1994 and 2000; Weingast, 1997; Miller and Hammond, 1990; Ostrom (Economics Nobel laureate in 2009), 1990 and 1998; Shepsle and Bonchek, 1997 – many of whose contributions will be discussed in this volume).

These multiple strands lead to a completely new, theoretically coherent, empirically powerful approach to the analysis of political events. The analysis is of relevance to anyone trying to make sense of politics: journalists, campaign advisors and other political strategists, citizens, and academics. With these theoretical developments political science has been set on a faster track: one in which the field is regularly finding new discoveries and generalities relevant to old puzzles.

4 Bayes had the bright idea that people update their beliefs on the basis of evidence, and hence that the fit of one’s beliefs with the “world” is likely to improve.
Overview of the Book

Claims of new knowledge (both empirical and moral) regarding politics have been made over the millennia. The new era finds not only that the pace has picked up, but also that the consensus on research methods has at least partially resolved some of the old contentious debates. Progress has been made by requiring both logical justification for one’s theoretical conclusions or propositions, and careful testing of the conclusions with data from experiments and historical (or field) events and data.

The book is organized around the new conjectures and law-like propositions that have been made about politics and justified on the basis of the theories of rational choice and social justice. These assertions are collected together and tabulated in a table of propositions and corollaries. These propositions are of three sorts, and are differentiated by their type style in the text. All of them are offset in the text, with the major empirical claims in bold small caps. Secondary implications or corollaries of these principles are distinguished by being shown in small caps but not bold. The generalizations that are normative and concern traditional topics of political philosophy are distinguished by being shown in bold italics with the derivative claims being displayed in italics but not in bold.

Although I make an effort to distinguish between those claims that have a normative basis and those that are empirical, the membrane is not impermeable. Some of the universal claims that may appear to be normative have to do with conjectures of universal empirical characteristics of moral judgments. Such claims, though, with moral implications, are not listed as normative conjectures. So to cite an example, let us say that we are considering a definition of fairness and someone says, “to understand what is fair, you must reason impartially.” That is a normative claim (there can be other
suggested bases for arriving at a fair choice). But if, when reasoning impartially, all individuals come to a particular conclusion, that conclusion is not normative. It would, however, reflect conditional normative weight from the asserted relation of fairness and impartial reasoning.

The book is divided into four parts and a substantive Introduction. Although experimental findings are discussed somewhat throughout, in a few chapters a separate section discusses evidence and questions that have been raised about the central propositions in the chapter and identifies some of the research frontiers that these imply. These sections are referred to as Research Frontiers. Suggestions for further reading are included at the end of each part.

So that the reader can understand the basis for the assertions, both evidence and reasoning are discussed. More technical aspects of how the claims are justified is usually limited but sometimes sketched in sidebars. Although I discuss the quality of the justifications and claims, the reader should keep in mind (with due deference to Descartes) that reason is insufficient grounds for the establishment or, except by contradiction, the disestablishment, of claims of knowledge. Although our understanding of how to judge theories, conjectures, and knowledge is still incomplete, we humans have learned a great deal about how best to establish, and falsify, claims of knowledge.

Even if they remain incomplete, current standards of epistemology help us understand what are to count as claims of knowledge and as candidates for universal principles. These standards also yield guidelines for empirical methods, which, in conjunction with reason, are required to establish our understanding of scientific principles, whether of motion, energy, mass, economics, or politics. Scientific methods have also been useful in improving our understanding of a very wide range of human behavior and institutions: markets, altruism, other-regardingness, distributive justice, moral points of view, and the like. These methods can thus help us understand what if anything is universal in the way of behavior and principles. The reader will find the volume is oriented around the following questions: What practical questions can we now find answers for? How do we justify our conclusions?

The Introduction has two goals, both of which are fundamental: First, it establishes a common understanding for readers as to what is meant by knowledge and similar methodological matters; and second, it sets up the basic elements of the theory of rational choice. The volume then is organized in terms of the substance of politics. The book is meant to be a complete guide to neither the understanding of rational choice theory nor to politics. Rather, I introduce elements of the theory of rational choice as needed to explain major findings of regularities in politics.
Part I considers how the individual decides whether or not to engage in collective action and the implications of these findings. The implications of the theory of collective action will branch off into topics such as voter behavior and information acquisition by the citizenry of democracies, as well as some policy and institutional design issues.

But collective action is often premised on the collective, or group, coming to a decision or choice for itself. Group decision making becomes the subject of Part II and is again central to Part IV. In Part II we pick up the notion, introduced by Hotelling and Smithies (see footnote 3 of the Preface) that in democracies much political decision making is determined by political competition. We use their insights to think of the arena of political competition as a “space.” So doing helps us form expectations about collective choice. Some of these implications inform us regarding institutional design. Others force us to consider problems of achieving the goals of collective choice. Presumably the goals of politics (if not politicians) include something like the satisfying of citizens’ needs. The implications of spatial models for these questions are the topic of Part II. But the topic is larger than spatial models can accommodate and are raised again in Part IV of the volume.

How politics and the structures of governments both help and hinder us in the achievement of getting what we want is much of what we consider in Part III. There we consider why political “deals” and “bargains” often take the form they do and how these can predictably affect the stability of governments, political systems, and regimes.

All this analysis is related to satisfying the collective desires of citizens. It is one thing to talk of the needs of individuals, but how are we to understand collective needs and desires? We explore these questions in Part IV. Only after coming to grips with the problem of aggregating individual choices and needs can we fully explore the relation between institutional design and the possibility of satisfying those needs. Once we are in the throes of such questions as “what constitutes the needs of the people,” we must consider the problem of social welfare more fully. Here we examine the more general topic of social choice and its relationship to social welfare.

Such concerns regarding what we want from government place us in the discourse of political philosophy. They require us to examine the substantive notions behind social welfare. Are there general goals of democracies? And if there are, how can specific institutional arrangements affect the achievement of social goals? These are the sorts of problems we approach with some of the major implications of the theory for democratic governance. The perspective allows us to consider whether different democratic structures generate differences in the quality of performance of democratic regimes.