

Politics, Policy, & Public Choice: A Critique & a Proposal*

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Public choice theory is hailed by some as a paradigm for the study of politics. This article examines choice theory, probing its possibilities and limits with respect to its aims and assumptions, criticisms from political and policy scientists, and responses from choice theorists. The authors argue that despite attempts to extend the application of choice theory, there remain certain essentially political subject matters that resist its rationalist and reductionist methods. They conclude that the rigor of choice theory can contribute to a more precise understanding of politics, but that it must be applied selectively and that more attention is also required to political contexts and to alternative modes of analysis.

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One of the most impressive trends in the study of politics over the last three decades has been the growth of public choice theory. This kind of theory or analysis has developed a sophisticated, axiomatic, and logically

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precise set of principles and form of reasoning that can be applied to politics. Beginning with Kenneth Arrow's¹ pioneering work and continuing through the classic studies of Anthony Downs,² James Buchanan and Gordon Tullock,³ William Riker,⁴ and Mancur Olson, Jr.,⁵ to Riker's most recent proposals for the new field of "heresthetics,"⁶ public choice has succeeded in improving our understanding of basic situations of choice, decision, and disequilibrium in politics. It has even moved beyond deductive theory-building to application and policy recommendations, offering reasoned defenses, for example, of decentralization of urban services, or competitive supply of public services through administration.⁷ At both levels—the theoretical and the practical—public choice has contributed to stimulating debate on questions of major significance in political science.

Heartened by these gains, public choice theorists have not chosen simply to consolidate their grip on specific areas of research. Instead, some public choice scholars have sought to advance beyond their original research domains into the extended field of political inquiry and policy analysis. In the most recent work it is not unusual to find public choice either hailed as "the beginning of a theoretical development which will emerge as the preeminent approach to political analysis in the next several decades,"⁸ or touted as an overarching scientific paradigm for synthesizing political science, public administration, and economics.⁹

1. Kenneth J. Arrow, *Social Choice and Individual Values* (New York: John Wiley and Sons, Inc., 1951).

2. Anthony Downs, *An Economic Theory of Democracy* (New York: Harper and Row, 1957).

3. James M. Buchanan and Gordon Tullock, *The Calculus of Consent* (Ann Arbor: University of Michigan Press, 1962).

4. William H. Riker, *The Theory of Political Coalitions* (New Haven, CT: Yale University Press, 1962).

5. Mancur Olson, Jr., *The Logic of Collective Action* (Cambridge, MA: Harvard University Press, 1965).

6. William H. Riker, "Political Theory and the Art of Heresthetics," *American Political Science Review*, 78 (1984): 1–16.

7. William A. Niskanen, Jr., *Bureaucracy and Representative Government* (Chicago: Aldine Publishing Company, 1971). See also, Vincent Ostrom, *The Intellectual Crisis in American Public Administration* (University, AL: University of Alabama Press, 1974).

8. Robert Abrams, *Foundations of Political Analysis, An Introduction to the Theory of Collective Choice* (New York: Columbia University Press, 1980), p. 1.

9. Mark Sproule-Jones, "Public Choice Theory and Natural Resources: Methodological Explication and Critique," *American Political Science Review*, 76 (1982): 790–804.

Tullock,¹⁰ following Kenneth Boulding,¹¹ has labeled this phenomenon “economic imperialism.” But whatever terms are used to characterize such expanding scope, the expansion itself raises an important series of critical questions about the logical assumptions, empirical content, and applicability of public choice analysis.

Faced with a new set of sweeping claims by some proponents of public choice, we need to ask what the consequences of acceding to these claims might be for the study of politics and policy. Should political science now accept public choice as the metatheory for the discipline? Should public policy adopt the perspective of microeconomics as its authoritative guide to research? What happens to the study of politics as the exercise of power or group relations when, in the image of one author, leakage from economic analysis threatens to inundate the field of political science?¹² What happens to the understanding of policy formation and implementation when our explanations rest upon hypothetical choice mechanisms or assume rank-ordered preferences and lack of sustained governmental involvement?

These questions identify the problem we address in this article. Our purpose is twofold: we want to analyze the public choice perspective as one among a number of approaches in political science and policy studies, acknowledging its possibilities, but also specifying its limits. In addition, we want to propose a clarification of policy studies in particular that will incorporate the contributions of public choice along with the contributions of other modes of analysis. In accomplishing the first purpose, it is important not simply to dismiss choice theoretic approaches on grounds of limited applicability, as David Truman does,¹³ but rather to construct a dialectical argument that alternates between proposal, criticism, reply, and counter-reply. We have adopted this strategy for our discussion in the ensuing four sections. With respect to the second purpose, we suggest in the last section of the paper that what is needed in policy studies at present is not a single candidate for paradigmatic preeminence, but rather a differentiated, multi-dimensional,

10. Gordon Tullock, “Economic Imperialism,” in *Theory of Public Choice*, ed. James M. Buchanan and Robert D. Tollison (Ann Arbor: University of Michigan Press, 1972), pp. 317–329.

11. Kenneth Boulding, “Economics as a Moral Science,” *American Economic Review*, 59 (1969): 1–12.

12. Edmund S. Phelps, *Altruism, Morality, and Economic Theory* (New York: Sage Publications, 1975).

13. David Truman, *The Governmental Process*, 2nd ed. (New York: Alfred A. Knopf, 1971), p. xxix. Compare Richard Kimber, *What Price Incentives? Economists and the Environment* (Boston: Auburn House, 1981), pp. 178–179.

and politically astute view of policy and the approaches appropriate to understanding it. We propose such a view and show how it can enhance both our explanations of policy and our understanding of the role appropriate to public choice in the study of politics.

I. The Present State of Public Choice Theory: Assumptions and Ambitions

Major differences in focus and emphasis can be found in public choice theory as an approach to the study of politics.¹⁴ Some writers are concerned with the “paradox of voting,” others with problems of “constitutional choice,” “collective action,” provision of “public goods,” and so forth. Some make extensive use of the theory of cooperative games, others rely on general probability theory or mathematical models. Despite this variation, if the latest literature is taken as a guide, then public choice can be understood as an institutionalized research program¹⁵ incorporating some key shared assumptions concerning theory, method, substance, and applications—all of which permit an ideal characterization typical of the approach.

At the most general level public choice theory assumes that the theory it employs is most appropriately formal and axiomatic. Borrowed largely from microeconomics, its theory is constructed deductively, then tested inductively. According to the axiomatic propositions, political life is conceived as an exchange activity among self-interested individuals acting in the setting of market transactions. The *exchange* is the basic unit of action and the *individual* the basic unit of analysis. Exchanges are understood to have effects on third parties or externalities, and they are

14. See Clifford S. Russell, “Applications of Public Choice Theory: An Introduction,” in *Collective Decision Making, Applications from Public Choice Theory*, ed. Clifford S. Russell (Baltimore: Johns Hopkins University Press for Resources for the Future, 1979), pp. 1–25; Dennis Mueller, *Public Choice* (Cambridge: Cambridge University Press, 1979); Abrams, *Foundations*; Michael Laver, *The Politics of Private Desires* (New York: Garland Publishing, Inc., 1984); Louis F. Weschler, “Public Choice: Methodological Individualism in Politics,” *Public Administration Review*, 42 (1982): 288–294; William C. Mitchell, “Textbook Public Choice: A Review Essay,” *Public Choice*, 28 (1982): 97–112. See also, Brian M. Barry, *Sociologists, Economists and Democracy* (London: Collier Macmillan Publishers, 1970); Robert E. Goodin, *The Politics of Rational Man* (London: John Wiley and Sons, Inc., 1976); Anthony Heath, *Rational Choice and Social Exchange, A Critique of Exchange Theory* (Cambridge: Cambridge University Press, 1976); Charles R. Plott, “Axiomatic Social Choice Theory: An Overview and Interpretation,” *American Journal of Political Science*, 20 (1976): 511–596; and Ronald Rogowski, “Rationalist Theories of Politics: A Mid-Term Report,” *World Politics*, 30 (1978): 296–323.

15. The term popularized by Imre Lakatos, *The Methodology of Scientific Research Programs* (Cambridge: Cambridge University Press, 1978).

assumed to occur rationally according to rank-ordered preferences, despite the presence of imperfect information. The typical political individual becomes an efficient, rational maximizer of individual utilities, modeled after *homo economicus*, who engages in strategic means-ends calculations of costs and benefits. Politics tends to be conceived as that activity in which aggregated utilities result in a choice concerning provision of public goods. Analytically, policy is conceived as emerging from a combining of individual preferences. It is not that factors like power and institutions are ignored by the most discerning versions of this perspective. They tend instead to be reinterpreted in line with the rational calculus of competitive advantage.

It is because of the absence of a *substantive* theory that public choice appears to be primarily a method of analysis, that is, a particular set of concepts and techniques usefully employed in political research. At the level of method, public choice operates with two distinctive assumptions. The first is a version of methodological individualism, namely that all statements about collectivities and collective action can be reduced to statements about a model individual without contextually substantial loss of meaning. Methodological, conceptual, and some would add ideological priority is assigned the individual as the unit of analysis, while collectivities (or groups) are conceived in terms of probabilities of individual choice and action.

The second assumption concerns rationality. Since Arrow's early postulation of the "self-interest axiom," this assumption has become one of the most well-known and widely discussed aspects of the public choice approach. In this context, we need only to point out that the individual of public choice theory is assumed to be a rational (i.e., purposive, self-interested, efficient) maximizer of utilities. This model "rational individual" is assumed at any given moment in time to have rank-ordered preferences: if he prefers x to y , and y to z , then he is assumed to prefer x to z . He cannot also prefer y and/or z to x . In this view, then, utility is "defined as simply a numerical representation of this 'preference.'"¹⁶ And all preference-orderings must be symmetrical, complete and transitive for any given time period.¹⁷ Put somewhat differently, rational choice here "involves nothing other than internal consistency. A person's choices are considered 'rational' . . . if and only if these choices can *all* be explained in terms of some preference relations consistent with the revealed preference definition."¹⁸ Clearly, as per-

16. Amartya K. Sen, "Rational Fools: A Critique of the Behavioral Foundations of Economic Theory," *Choice, Welfare and Measurement* (Oxford: Blackwell, 1982), p. 88.

17. Goodin, *Rational Man*, p. 10.

18. Sen, "Rational Fools," p. 89.

ceptive proponents of public choice theory acknowledge, this assumption is itself embedded in a metatheory of human nature, in which the prudential, calculating, instrumental, and utilitarian dimensions of behavior are emphasized.

What public choice *is* must be understood in relation to what it *can be* expected to accomplish, using the premises sketched above. Recently, expressions of ambition have become more daring than those put forward earlier by, say, Arrow and Downs. Notwithstanding difficulties inherent in the formulation, one writer has proposed that public choice “is compatible with, and open to, a variety of epistemologies” and that it is not “merely another analytical approach in the social sciences, albeit a peculiarly Western and liberal one.”¹⁹ The suggestion seems to be that public choice, given its progress since the 1950’s, has attained the status of a closed system of explanatory principles and confirming evidence, at the same level of abstraction and confirmation as Marxism and Freudian psychology.²⁰ Others have suggested that the field of public choice, having become a clearly articulated research program, is now at the threshold of exploring “the full range of phenomena that it naturally includes.”²¹ “Naturally” here signifies all those phenomena in political and social life previously theorized by economists to be irrational: panics, mob violence, assassinations, even revolts and revolutions.²² The rationality of irrationality in the domain of political conflict and coercion, formerly ceded to the political psychologists, functionalists, structuralists, and group theorists, appears to be coming into focus as a promising new subject matter.

Whether as theory, method, new paradigm, or sovereign definer of rationality, public choice theory is clearly on the move. We need to ask what difficulties and resistances it can expect to encounter along the way.

II. The Main Critical Responses

Public choice theory has been in vogue long enough to generate controversy and criticism. Within political science and policy studies, the critique has been developed essentially around three issues: (1) the logical status and clarity of the main analytic concepts in public choice; (2) the relationship or fit between the theory and political reality; and (3) the

19. Sproule-Jones, “Public Choice Theory,” p. 800.

20. *Ibid.*, p. 801.

21. Jules S. Coleman, “Future Directions for Work in Public Choice,” in *Collective Decision Making*, ed. Clifford S. Russell, p. 288.

22. Mitchell, “Textbook Public Choice,” p. 110.

bias of policy prescriptions in terms of ideological distortion and a strong preference for market solutions to political problems and a related confusion over the nature of choice theory's prescriptive or normative claims.

Ambiguity in conceptual language can plague any theory, and public choice has not been exempt from this difficulty. Public choice theorists themselves have devoted considerable attention to clarifying and specifying the use of leading concepts, such as rationality, revealed preference, self-interest and the like, often with great success. But scholars working outside the paradigm have nevertheless objected to these logical operations, arguing, for example, that rationality can have different and equally reasonable meanings²³ or that self-interest is too flexible to be a useful analytic tool.²⁴ For the most part, however, choice theory has had little difficulty defeating such attempts at logical criticism, for it has proceeded by stipulative definition (typically using symbolic and mathematical representations) to specify a precise and restrictive use of terms. For instance, if "revealed preference" is defined to mean that we infer a person prefers x to y if he chooses x when y is also available, then objections to this stipulation on logical grounds are hardly shattering—or even germane. The problems here lie not with logic, but rather with the assumptions and implications of such a view in certain contexts of inquiry. The question to ask is, what are the limits to applying such a definition of preference in actual research?

A more interesting and telling criticism involves the relationship between choice theory's analytic language and models on the one hand, and the world it purports to explain on the other. The problem of this relationship is itself open to interpretation in the philosophy of science,²⁵ but probably the most widely accepted view, at least within the choice-theoretic paradigm, postulates the relationship as "a trade-off between simplicity and realism."²⁶ That is, the question of a fit between theory and the facts becomes a question of qualitative judgments about matters of degree. These judgments carry consequences for the truth-value of the theory: if choice theory fails to account adequately for facts it seeks to

23. Tibor R. Machan, "Rational Choice and Public Affairs," *Theory and Decision*, 12 (1980): 229–258.

24. Robert T. Golembiewski, "A Critique of Democratic Administration and Its Supporting Ideation," *American Political Science Review*, 71 (1977): 1488–1507.

25. See Terry M. Moe, "On the Scientific Status of Rational Models," *American Journal of Political Science*, 23 (1979): 215–243.

26. Morris P. Fiorina, "Formal Models in Political Science," *American Journal of Political Science*, 19 (1975): 133–159.

explain, then the theory must be abandoned or revised—i.e., simplicity, elegance, and rigor must give way to greater realism and relevance. This view can appear eminently reasonable, but unfortunately it encounters two significant problems.

At the philosophical level, it ignores the move that is always open to a theory employing models of rationality, namely the reconceptualization of models at progressively higher levels of abstraction. Shifting toward higher levels of abstraction is constrained only by the requirement of logical consistency. As one author argues explicitly, “This methodological process can continue ad infinitum. More and more logically consistent propositions can be posed as higher level rationalizations for lower level propositions. . . . Logical consistency contains its own impetus.”²⁷ Put somewhat differently, one can see that from Arrow’s welfare paradox to Olson’s paradox of collective action, the formal impossibility proofs of public choice theory have been used not primarily as tests of real events but as ways of discovering independent variables and inventing explanations for certain classes of action.

Consider, for instance, Olson’s formal proof that the rational, self-interested member of a large group will not voluntarily contribute to the provision of a collective good. Kimber has shown that this proof is convincing “only under the somewhat unrealistic assumptions both that A has no information about the behavior of others and that he arbitrarily (and wrongly) assumes he is different from the others.”²⁸ Here the rational is unreal, and the real is irrational—at least according to choice theory. The result is an argument against provision of public goods in the absence of coercion or other inducements that “is not only intuitively odd, but also conflicts with much of our day-to-day experience,” and when applied to actual events, such as participation in revolutions or interest group activities, appears absurd and whimsical.²⁹ However, as a model account of the way individuals act and choose, such formal proofs within public choice have not been abandoned, but have instead generated further discussion and attempts at theoretical refinement. Their formalism as such has not led to their rejection as hypothetical or unreal. Why is this the case? Evidently, proponents hold that the model, resting on explicit assumptions of rationality, can always in principle be defended as a useful device for reproducing and clarifying patterns of choice that do exist in the world.

27. Sproule-Jones, “Public Choice Theory,” p. 799.

28. R. Kimber, “Collective Action and the Fallacy of the Liberal Fallacy,” *World Politics*, 34 (1981): 192.

29. *Ibid.*, p. 196.

But can it? Significantly, a second major thrust of criticism has insisted that the issue concerning choice-theoretic methods is not really a matter of degree, but rather a matter of differences in kind. The intuitive idea, expressed occasionally even by astute proponents of public choice theory, is that the concepts of the theory belong to an idealized, rational order of behavior which exists at an enormous distance from the social order of action. Consider Sen's characterization of the limits to the use of revealed preference:

I would argue that the philosophy of the revealed preference approach essentially underestimates the fact that man is a social animal and his choices are not rigidly bound to his own preferences only. I do not find it difficult to believe that birds and bees and dogs and cats do reveal their preferences by their choice; it is with human beings that the proposition is not particularly persuasive. An act of choice for this social animal is, in a fundamental sense, always a social act. He may be only dimly aware of the immense problems of interdependence that characterize a society. . . . But his behavior is something more than a mere translation of his personal preference.³⁰

According to Sen, the limits to revealed preference are set not by finding the point along a continuum between rigorous theory and the real world at which the concept ceases to explain action, but rather by investigating the context of explanation in which the concept is employed. Thus, whenever the assumption of transitivity of choice assumed by revealed preference is flatly mistaken for human actors in social contexts, the concept will prove ineffective for explanations in that context.³¹ This is not to say, however, that it also becomes useless in other, primarily micro-economic, domains.

One practical consequence, then, of the logic of idealized conceptualizations is that public choice theory has difficulty acknowledging fruitful insights developed by contrasting approaches. Even the notion of choice may itself become problematic. Take the familiar case of power studies, for example. In political science, explanation of the actual dynamics of power within communities requires looking beyond overt choice based upon recognized grievances within decision-making arenas—the first face of power—to the covert manipulation by the powerful of the very

30. Sen, "Rational Fools," p. 66.

31. See, for example, R. Kenneth Godwin and Robert C. Mitchell, "Rational Models, Collective Goods, and Nonelectoral Political Behavior," *Western Political Quarterly*, 35 (1982): 161–181.

context and possibility of choice—the second and third faces of power.³² In the second conception, politics concerns the mobilization of bias in order to exclude certain issues; the investigator is compelled to study who gets left out and how. Even covert agendas cannot be identified and rank-ordered, since such agendas and the conditions for developing them do not exist among the excluded non-participants. The same can be said for the third face of power, which reveals “the use of power to pre-empt manifest conflict at all, through the shaping of patterns or conceptions of non-conflict.”³³ In these instances, basic conceptions of issues or wants are so structured as to preclude any meaningful situations of choice.

It is precisely this kind of criticism that has led writers from a variety of fields, including some from choice theory, to contend “that in its pure form [public choice] is only one useful, partial explanation of politics.”³⁴ Reviewing the orientation of texts in axiomatic choice theory, Mitchell’s judgment is even harsher:

Considerable emphasis is placed upon paradoxes, proofs or demonstrations, robustness, generality, abstraction, and manufactured illustrations and problems. Except for illustrative purposes, much of the work ignores real world institutions and events. In fact, this astonishing world of public choice hardly involves governments, politicians, bureaucrats, and interest groups. Little of the exposition . . . has anything to do with the fiscal or regulatory lives of the community or state.³⁵

Parenthetically, Mitchell hints that in this regard journal articles in public choice may be less culpable than textbooks, a situation, as Thomas Kuhn suggests,³⁶ that could be anticipated in the growth of a new science toward normal, paradigmatic status. Be this as it may, one crucial source of resistance to public choice is disquiet over its application to political and social policy, where applications are often thought to yield “bizarre conclusions”³⁷ or dysfunctional suggestions for the

32. See Steven Lukes, *Power: A Radical View* (London: Macmillan, 1974); John Gaventa, *Power and Powerlessness* (Oxford: Clarendon, 1980).

33. Gaventa, *Power and Powerlessness*, p. 13, and Chapter 1 generally.

34. Weschler, “Public Choice,” p. 294.

35. Mitchell, “Textbook Public Choice,” p. 99.

36. Thomas S. Kuhn, *The Structure of Scientific Revolutions*, 2nd ed. (Chicago: University of Chicago Press, 1970), p. 20.

37. Thomas R. DeGregori, “Caveat Emptor: A Critique of the Emerging Paradigm of Public Choice,” *Administration and Society*, 6 (1974): 211.

quality of political life.³⁸

As we have seen, one reason for these apparently unsatisfactory outcomes is found in the assumptions underlying public choice theory. But there is another dimension to the problem which leads in the direction of bias or ideological distortion and is the third major area of controversy. To be sure, bias and ideology are ambiguous terms in this context. What we have in mind is a tendency among some, but not all, public choice theorists either (a) to denigrate politics as such for its inefficiencies or (b) to employ a public choice rationale in defense of certain pet causes. In a concise summation, one critique refers to the former tendency as “a technical objection to politics, which is seen as characteristically wasteful, ineffective and subject to corruption” and as an expression of skepticism about government that is “suspect as potentially and uniquely destructive of individual liberty or as inherently incompetent.” From this perspective choice theory is expected to “systematize and constrain governmental interventions.”³⁹ At the base of this view is a presumed opposition between scientific objectivity and political subjectivity; the rationality of choice theory, it is hoped, can save us from the error of our political ways.

The strength of belief in the redeeming power of public choice’s version of scientific rationality is difficult to assess. At most, the critics of public choice can speak only of tendencies. The same qualification holds for the politics of public choice, characterized by some as offering “an intellectual underpinning for the movement toward increased individualism in American politics,”⁴⁰ by others as an overtly prescriptive theory with “a consistent non-interventionist, anti-administration, and ‘conservative’ bent to it,”⁴¹ and by still others as a normative theory so thoroughly entrenched in a utilitarian viewpoint as to be incapable of taking into account primary ethical issues or rights and duties having a “prima facie moral validity.”⁴²

38. See the critique by Nicholas R. Miller, “Pluralism and Social Choice,” *American Political Review*, 77 (1983): 734-747.

39. Nicholas P. Lovrich and Max Neiman, *Public Choice Theory in Public Administration, An Annotated Bibliography* (New York: Garland Publishing, Inc., 1984), pp. 6-7.

40. Weschler, “Public Choice,” p. 288.

41. DeGregori, “Caveat Emptor,” p. 211. See also Keith Baker, “Public Choice Theory: Some Important Assumptions and Public Policy Implications,” in *Public Administration*, 3rd ed., ed. Robert T. Golembiewski, et al. (Chicago: Rand McNally, 1976), pp. 42-60; and Norman Furniss, “The Political Implications of the Public Choice-Property Rights School,” *American Political Science Review*, 72 (1978): 399-410.

42. Steven Kelman, “Cost-Benefit Analysis and Environmental, Safety, and Health Regulation: Ethical and Philosophical Considerations,” in *Cost-Benefit Analysis and*

There is also on occasion a conflict between policy prescriptions which flow from a public choice perspective and those which emerge from political analysis stressing organizational factors, group activity, and governmental or state involvement. The critical assumptions and simplified models of public choice, combined with an anti-political bias, are capable of encouraging suggestions for fundamental policy changes which would have negative consequences for political life. Consider the treatment of majorities. Public choice theory has identified cyclical majorities as a barrier to the accurate translation of individual preferences into governmental action and therefore as a source of instability. It has been convincingly demonstrated, however, that pluralist theory is basically correct in identifying shifting coalitions and overlapping membership as positive contributions to political stability.⁴³ Cyclical majorities and uncertain choice, far from contributing to instability, keep citizens engaged in political action, since it is never certain that a new configuration will not emerge of which they will be members.

One lesson to draw from this third type of criticism is that imposition of public choice prescriptions upon the political process as it is, rather than as it ought to be according to an oversimplified model, would not lead to postulated results, such as better representation or greater efficiency. Approaching political problems with non-political or technical solutions is always a great temptation and has been since Plato, but it rarely leads to the expected results. Crudely put, politics always intervenes. Whichever angle of criticism is emphasized, there can be no doubt that much of the sharp tone in the reaction against public choice theory is set by these kinds of suspicions concerning prescriptions and recommendations. But whether such suspicions are well-founded may depend not merely on practical and policy-oriented intentions, but also on recent

Environmental Regulations: Politics, Ethics, and Methods, ed. Daniel Swartzman, Richard Liroff, and Kevin Croke (Washington: The Conservation Foundation, 1982), p. 142; and Steven Kelman, *What Price Incentives? Economists and the Environment* (Boston: Auburn House, 1981).

43. In Miller, "Pluralism and Social Choice," according to the author, "the preference patterns identified by pluralist theory as promoting desired stability are essentially those identified by social choice theory as entailing instability," and this difference suggests both "an implicit normative contradiction" and a logical "incompatibility" between the two "theoretical traditions" (p. 734). His paradoxical conclusion—namely, "that the pluralist political process leads to unstable political choice, and that such instability of choice in fact fosters the stability of pluralist political systems" (p. 744)—is important in this context not as a defense of pluralism, but as an example of an important insight about political stability, whatever one may think of that concept, that would be missed were one to base an analysis strictly on public choice premises.

attempts within public choice itself to rationalize the paradigm and control its most unguarded extravagances.

III. The Reply to Criticisms

The question for public choice theory is whether its assumptions can be restated to meet the two major objections described above: Can it be made serviceable for political cases? Can ideological distortion be overcome? To a great extent the answer to these two questions has been sought through a critique of rationality that attempts "to overcome difficulties created by the excessively rationalistic models of decision-making employed by classical microeconomists and others."⁴⁴ The challenge for this critique is to expand the conception of rationality, while simultaneously retaining the core assumptions that justify the distinctive character of public choice theory. The dynamics of this approach can be seen in the recent work of Amartya Sen and Howard Margolis, which, in order to maintain a specific focus, we shall consider here as representative revisionist statements.

The work of Sen and Margolis is important because both accept the basic presuppositions of choice theory, yet both are acutely aware of its failings in the domain of social action and public goods. "The purely *economic* man," Sen writes, "is indeed close to being a social moron. Economic theory has been much preoccupied with this rational fool decked in the glory of his *one* all-purpose preference ordering. To make room for the different concepts related to his behavior we need a more elaborate structure."⁴⁵ Similarly, for Margolis, "the basic 'economic man' model is unreliable in the context of public goods, which is to say, in the context of politics."⁴⁶ What is needed is a new model of choice "that does not fail catastrophically in the presence of public goods" and that avoids predicting "such severe problems that no society we know could function if its members actually behaved as the conventional model implies they will."⁴⁷ What can be proposed as a "more elaborate structure" or "new model" of public choice, in contrast to the conventionally accepted model of rationality borrowed from microeconomics?

The basic logical form of these two attempts at revision is remarkably

44. Douglas D. Heckathorn, "Extensions of Power-Dependence Theory: The Concept of Resistance," *Social Forces*, 61 (1983): 1206.

45. Sen, "Rational Fools," p. 99.

46. Howard Margolis, *Selfishness, Altruism, and Rationality, A Theory of Social Change* (Cambridge: Cambridge University Press, 1982), p. 6.

47. Howard Margolis, "A New Model of Rational Choice," *Ethics*, 91 (1981): 265-279; and Margolis, *Selfishness*, pp. 1 and 6.

similar: the argument proceeds from definition of terms, to postulation of a “dual structure” (Sen) or “dual utility function” (Margolis) for individual choice, to identification of a rational allocative rule for arbitrating between the postulated dualities of choice. Compared to conventional choice theory, the crucial move is the second one, the idea of a dual structure or utility function. In the case of Sen, for example, a distinction is proposed between sympathy and commitment in individuals’ rational calculations of utility. Sympathy for others arises, according to this view, because one’s own welfare is directly affected; whereas an action provokes commitment “if it does not make you feel personally worse off, but you think it is wrong and you are ready to do something to stop it.”⁴⁸ Behavior based on sympathy can be narrowly self-interested, but on commitment, nonegoistic. The former leaves conventional choice models untouched, the latter requires revisions in those models. Clearly, for Sen, commitment is the more daring concept, for it is “closely connected with one’s morals,” requires “counterpreferential choice,” “drives a wedge between personal choice and personal welfare,” and is singularly important for deciding upon “public goods.”⁴⁹ Unlike John Harsanyi’s⁵⁰ early, commonsense distinction between “subjective preference” (one’s actual preference, regardless of its basis) and “ethical preference” (one’s preference on the basis of impersonal and impartial social considerations), Sen’s distinction appears to have the advantage of conceiving the second term, “commitment,” as mediated through specifically social units such as neighborhood, community, class, and nation. Furthermore, in Sen’s conception, commitment is not thought to presuppose impersonality or impartiality, yet he believes it extends the scope of rationality.

Similar claims are made by Margolis in his defense of a distinction between self-interest (S-utility) and group interest (G-utility). This distinction is constructed within the boundaries of a fair share (FS) equilibrium model. Like Sen’s account, but unlike Harsanyi’s, the concept of G-utility is explicated through its connection with group loyalties, and it has equal standing with the S-function in the model as an actual preference operating even in the market. Neither Sen’s commitment nor Margolis’s G-function is thought to be ephemeral, unrealistic, or beyond the bounds of rationality.

Unfortunately, however, these simple, parallel distinctions alone can-

48. Sen, “Rational Fools,” p. 92.

49. *Ibid.*, pp. 93–95.

50. John Harsanyi, “Cardinal Welfare, Individualistic Ethics, and Interpersonal Comparisons of Utility,” *Journal of Political Economy*, 63 (1955): 309–321.

not solve the problems of public choice. The reason is obvious: there must be a rational rule for allocating choice between competing kinds of preferences—sympathy versus commitment, self versus group, egoism versus altruism. How much can or should be allocated to each side of the pair, and according to what criteria? Sen proposes a “ranking of preference rankings” or a “meta-ranking” that “assists the reasoning which involves considering the merits of having different types of preferences”—i.e., preferences based upon sympathy, commitment, interests, calculations of personal welfare, and the like.⁵¹ What this proposal aims to show is the way in which what Sen calls introspection, communication, and the consideration of different *kinds* of preference (not simply revealed preference) can expand the conception of rational choice.

But through what mechanism could such a meta-ranking be established? While Sen provides only verbal clues, Margolis proposes a specific allocation rule and a derivative model for answering the question:

The larger the share of my resources I have spent unselfishly, the more weight I give to my selfish interests in allocating marginal resources. On the other hand, the larger benefit I can confer on the group compared with the benefit from spending marginal resources on myself, the more I will tend to act unselfishly.⁵²

This fair share (FS) pair of principles is thought to capture a decision process actually at work inside the unconscious mind of the individual. The FS model allocates utilities such that the weight (W) given to S-utility in allocating marginal S-utility versus G-utility is in equilibrium when

$$W = G' / S'$$

where G' equals the marginal utility of one resource unit spent to maximize group interest, and S' equals the marginal utility of one resource unit spent to maximize self-interest. In explicating this model, Margolis alludes to the parallel with Freud's tripartite division of the psyche:⁵³ a mechanism internal to the individual, like Freud's ego, mediates between competing claims to utility—id versus superego—and seeks to establish a fair allocation between the two. Allocative fairness is rather like psychic health.

This is not the place to delve further into the elaborate applications of the FS allocation rule. What we wish to point toward here is simply the

51. Sen, “Rational Fools,” pp. 100–104.

52. Margolis, *Selfishness*, p. 36.

53. *Ibid.*, p. 54.

attempts by an economist and a political scientist to break out of the confines set by narrow conceptions of rational individual utility. Whether such attempts can succeed will depend in part on the nature of their socio-political content in the face of a drift toward mere recapitulation of a well-worn, commonplace distinction between self and others. Have Sen and Margolis only restated, at a high level of abstraction, an opposition that lies at the root of countless dilemmas in our moral and political practices? Or have they really succeeded in accounting for the rational way, in the fullest sense, in which we resolve dilemmas of choice?

IV. Reformulation of the Problem

Both Sen and Margolis have set out to rescue the “rational fool” of public choice theory and to refurbish his private and public-political intelligence. Unfortunately, the question of their success cannot be given a straightforward answer, for success (or failure) can be measured in two quite different ways: either in terms of the correctness of the models’ assumptions and implications or in terms of their usefulness for inventing new explanations and illuminating new relationships.

With respect to assumptions and implications, the revisionist account of choice theory is still haunted by two problems: (1) the hypothetical reconstitution of rationality in situations of choice and (2) the obscurity of what might be called the sources of motivation for individual choice. In the first case, consider the new concepts of commitment and group-utility. What of the committed individual who by definition may act against personal welfare: is he in some measure *irrational*? Or what of the ideologue who continually displays a surplus of G-utility: is his disequilibrium in the FS model a sign of irrationality? To reply that rationality now refers only to consistency of choice does not appear satisfactory. To put the challenge in this form is to suggest, for example, that the idea of a meta-ranking of kinds of preferences simply pushes the problem of rationality as consistent choice to a higher level of abstraction. As happens so often, the attempt to solve an intellectual problem at one level has the effect, in practice, of relocating that problem to another level. Or, put somewhat differently, Margolis’s allocation rule, so promising in some respects, shows itself in practice to be entirely hypothetical and therefore often misleading. It is simply false to suppose that individuals actually articulate meta-rankings or, even unconsciously, allocate marginal resources depending on previous or projected investments in S- and G-utility. To say that “the larger the share of my resources I have spent unselfishly, the more weight I give to my selfish interests in allocating marginal resources,” is to presuppose motivation to achieve fair

share equilibrium. But it is precisely this presupposition that needs to be demonstrated rather than taken for granted as a logical element in calculations of rational choice.

Such calculations are dependent in any case upon considerations that lie outside the discrete elements of the choice model. Commitment is, after all, connected with moral views of right and wrong that are not reducible to any rational calculus, while the sources of group-utility, at least for Margolis, are vaguely ascribed to natural Darwinian processes of evolutionary selection.⁵⁴ Interestingly enough, Sen and Margolis seem to be aware of the difficulties that arise at this point. For Sen, "The question of commitment is . . . central to the problem of work motivation," which is in turn affected by "social conditioning."⁵⁵ "These questions," he notes, "are connected, of course, with ethics, since moral reasoning influences one's actions, but *in a broader sense these are matters of culture*, of which morality is one part."⁵⁶ Margolis agrees that "the theory of rational choice does not allow us to deduce an individual's tastes" or preferences, adding that, "given those tastes, the theory tells us something about how he can use his resources as efficiently as feasible." To understand how these givens are determined "we must look to psychology and sociology."⁵⁷ Pursuing motivations for choice beyond the public choice paradigm, we come to see that what is called rational judgment "will become a cultural (or, for more ephemeral matters, perhaps only a fashionable) rule of thumb." Or in sum, "social standards (culture) and individual preferences are interdependent."⁵⁸

The result of this line of criticism is to show that rationality is relative to morality and culture. We can assume that individuals do rationally allocate preferences between sympathy and commitment or self-interest and group-interest, but the grounding and weighting for such allocation is found not in disembodied models but in culture itself. What rationality means in individual cases is, in part, a matter of cultural influences. And since cultures vary, so too will conceptions of rationality and the relevance of competing models of rationality. The implication is that the very decision to rely upon public choice theory must itself be located within a socio-cultural matrix.

A simplified public choice model for calculating individual utility, such as $W = G'/S'$, may nevertheless predict well in all cultures, but

54. *Ibid.*, pp. 26-35.

55. Sen, "Rational Fools," p. 97.

56. *Ibid.*, p. 98 (emphasis added).

57. Margolis, *Selfishness*, p. 48.

58. *Ibid.*, p. 51.

this can be true only in a trivial sense of prediction. The relative values of G' and S' are still a product of socio-cultural forces best comprehended not by choice models but by psychological, structural, or sociological forms of analysis. Furthermore, these socio-cultural forces have a significance for politics that goes well beyond the formal axioms characteristic of choice theory.

But irrespective of the influence of culture, let us assume that the revisionist conception of public choice theory is successful in the sense that it is internally consistent and coherent. Can it not be defended then on utilitarian grounds: success is a function of usefulness? This is, of course, always a possible defense, but in our view its supposed target is misidentified. What is at issue here is not the usefulness of public choice as a method, for nearly all methods are in some respects useful, but rather the probable limitations of public choice in political contexts. Controversies over choice theory are usually mistaken for methodological disputes, when in fact they have to do with historical and contextual considerations—i.e., with the relationship or fit between the method and the context of its application. Some situations are most adequately analyzed within the essentially economic perspective of public choice, while other situations are best understood within the essentially political perspective of structural, organizational, or group analysis. What is at stake then is the intellectual choice governing the selection of an appropriate method, given one's intentions and the relevant subject matter. It may be tempting to suppose that public choice has universal applicability. We suggest otherwise. The explanatory power of the public choice approach lies not in its technical virtuosity as such, but is instead dependent upon the social situations that may or may not lend themselves to explanation in terms of its given but limited methodological tools.

If this is so, our next question is, what are the criteria of choice governing selection of public choice theory (as against alternatives)? In what dimensions of public policy can we expect public choice to be useful, and in what dimensions should we entertain the reverse expectations?

V. Policy Dimensions and Public Choice

Students of public policy have long been aware of the need for models, analytic frameworks, or conceptual schemes to describe and explain the nature, formulation, and effects of policy. In his well-known study of the Cuban missile crisis, for example, Graham Allison⁵⁹ has defended the

59. Graham T. Allison, *Essence of Decision, Explaining the Cuban Missile Crisis* (Boston: Little, Brown and Company, 1971).

use of three different models—"rational actor," "organizational process," and "governmental (bureaucratic) politics"—as interpretative foci for the same events, arguing that variety in conceptualization is indispensable to understanding from the viewpoint of participants in the policy-making process as well as outside observers. But what, we might ask, does such indispensability mean in the context of empirical investigations of policy?

One of the advantages of Allison's study is his demonstration that the choice of a particular model is never benign, but instead influences the collection and presentation of data and the inferences and conclusions drawn for policy. In his words, "These conceptual models are much more than *simple* angles of vision or approaches. Each conceptual framework consists of a *cluster* of assumptions and categories that influence what the analyst finds puzzling, how he formulates his question, where he looks for evidence, and what he produces as an answer."⁶⁰ In addition, it is even more startling to realize that "while at one level these models produce different explanations of the same happening, at a second level the models produce different explanations of quite different occurrences."⁶¹ In other words, Allison's study shows that the models not only conceptualize the world in different ways; they conceptualize—they represent—altogether different worlds or political realities.

Clearly one conclusion to draw is that comprehensive explanations of policy—and all explanations should aim for comprehensiveness—require comprehensive models and typologies. But beyond this balanced assessment, can we expect distinctions as to the explanatory power of different models? In the context of our discussion Allison's choice of models is instructive, for he suggests that the rational actor approach, which replicates the assumptions of choice theory, becomes far less satisfactory compared to alternatives when one attempts to account for complex political events and the actions of large organizations and governments: "Although the Rational Actor Model has proved useful for many purposes, there is powerful evidence that it must be supplemented, if not supplanted, by frames of reference that focus on the governmental machine—the organizations and political actors involved in the policy process."⁶² Here is a starting point for defining in precise terms the limits of a public choice approach to political phenomena.

Of course, Allison is not alone in proposing an analytic framework for policy. His schema has been joined by numerous entrants in the policy

60. *Ibid.*, p. 245.

61. *Ibid.*, p. 251.

62. *Ibid.*, p. 5.

field, from Theodore Lowi,⁶³ to Robert Salisbury,⁶⁴ Robert Salisbury and John Heinz,⁶⁵ Larry Wade,⁶⁶ and numerous others. These frameworks have typically conceived of policy in different ways and by using different criteria. Wide divergences among them have understandably hindered the consolidation of policy studies. Furthermore, proposed frameworks have often tended to overlook the way in which any given policy can be a composite of types and thus resistant to easy classification. Lowi's scheme of distributive, regulatory, and redistributive policy types, for instance, is generally ambiguous, incomplete, and untestable.⁶⁷ It is difficult in particular cases to distinguish the types, and there are often temporal changes or arenas of power that cannot be captured by them. Given these difficulties and confusions, it is all the more plausible for public choice to offer a route toward greater theoretical elegance and unity.

Considering the scale and duration of disputes over types of policy and policy arenas, anyone who enters the fray must do so with reservations. Public policy is, after all, "almost never a single, discrete, unitary phenomenon."⁶⁸ We believe, however, that there is still clarity to be gained by rethinking the dimensions of policy, while bearing in mind the claims to preeminence expressed in public choice theory. Is it possible to distinguish the dimensions of policy in a way that will assist not only our understanding of policy as such, but also our choice of models for explanation?

Some progress can be made toward answering this question if we shift our attention from types of policy to dimensions of policy, that is, to the

63. Theodore J. Lowi, "Four Systems of Policy, Politics, and Choice," *Public Administration Review*, 32 (1972): 298-310; "Decision Making Versus Policy Making: Toward an Antidote for Technocracy," *Public Administration Review*, 30 (1970): 314-325; and "American Business, Public Policy, Case-Studies, and Political Theory," *World Politics*, 16 (1964): 677-715.

64. Robert H. Salisbury, "The Analysis of Public Policy: A Search for Theories and Roles," in *Political Science and Public Policy*, ed. Austin Ranney (Chicago: Markham, 1968), pp. 151-175.

65. Robert H. Salisbury and John Heinz, "A Theory of Policy Analysis and Some Preliminary Applications," in *Policy Analysis in Political Science*, ed. Ira Sharkansky (Chicago: Markham, 1970), pp. 39-60.

66. Larry L. Wade, *The Elements of Public Policy* (Columbus: Charles Merrill, 1972).

67. See the criticisms in James Q. Wilson, *Political Organizations* (New York: Basic Books, 1973), pp. 328-330; Wade, *The Elements*, pp. 9-10; and George D. Greenberg, Jeffrey A. Miller, Lawrence B. Mohn, and Bruce C. Vladeck, "Developing Public Theory: Perspectives from Empirical Research," *American Political Science Review*, 71 (1977): 1532-1543.

68. Greenberg, et al., "Developing Public Theory," p. 1533.

expected or perceived effects of a given policy on individuals or groups. In this regard there is already an instructive, though little noted, convergence between Lowi and Allison. For Lowi, politics has to do importantly with expectations that are determined by governmental policy; his approach “is to define policies in terms of their impact or expected impact on society.”⁶⁹ From this point of view, we might say that what counts in policy, in the last analysis, is *expected and perceived effects*. In a sense Allison’s analysis is in agreement, because for him probable real effects are manifold or, more precisely, they are a function of perceptions filtered through particular analytic lenses. Political relationships are constituted by perceptions, and the question is always, what perceptions and by whom?

If the dimensions of policy can be defined according to perceived effects, then we should be able to propose a clarification of the kinds of effects. In general, perceived effects can be conceived in two fundamentally different ways: First, some are specific to a narrowly circumscribed sphere with a relatively impermeable boundary, while others are diffused through an extended and more permeable domain. Second, perceived effects can be distinguished according to their mode, that is, to the manner in which they are allocated or felt: some are allocated instrumentally, others institutionally. Instrumental allocations assume strategic or, using Weber’s terminology, *zweckrational* calculability. They typically involve a means-ends analysis. Institutional allocations assume meaningfully patterned actions based upon rules and typically involve interdependence and reciprocal interaction. These distinctions yield the following scheme, with each of the four cells representing a dimension of policy according to perceived effects:

		Mode	
		Instrumental	Institutional
Boundedness	Specific	Direct	Structural
	Diffuse	Indirect	Symbolic

What this four-cell typology suggests is, in essence, that some perceived policy effects are quite direct; they involve particular groups, are addressed to narrow and specific issues, and often have sharply focused

69. Lowi, “American Business,” p. 689.

objectives. In many ways they are the easiest to deal with in politics, compared to the complexities that arise with the remaining three. Other perceived effects of policy may be indirect; Wade refers to such effects as spillovers, side-effects, or by-products of policy,⁷⁰ often unintended, latent, or unperceived at first by relevant policy makers and citizen groups. But when present, they are subject to the same kind of strategic, means-ends analysis as direct effects.

Structural and symbolic effects are altogether different: they are more complex and cannot be grasped simply in terms of instrumental rationality. Structural effects have to do, generally speaking, with patterns of authority, the definition of roles, and organizational imperatives, while symbolic effects have to do with collective values and the meanings a community attaches to them. Unfortunately, “symbolic” has often come to stand for the most manipulative and superficial aspects of social interaction. We choose to retain the term but restore it to its original meaning, namely, the representation, literally “throwing together,” of a collective ethos, identity, or value-system.

Despite its evident simplicity, this scheme performs a useful function in clarifying the relationship between choice theory, public policy studies, and politics. The relationships we want to stress can be stated in propositional form:

(1) As policy’s perceived effects become more direct, as they become more specific and instrumental, public choice theory will tend to become more useful as an analytic tool and research strategy. Conversely, as perceived effects become more symbolic, diffuse, and institutional, alternative modes of analysis will tend to displace public choice in effectiveness and explanatory power. These alternatives include pluralist theory, systems analysis, organization theory, structuralism, and contemporary critical theory.⁷¹

(2) Indirect and structural effects represent intermediate zones in which public choice competes with alternative forms of analysis for pre-eminence, depending upon the context, aims, and definition of the research problem. Thus, with respect to indirect effects, choice theory speaks in terms of externalities or administrative oversupply of services, whereas systems analysis and organization theory approach the research

70. Wade, *The Elements*, p. 11.

71. A comprehensive analysis and comparison of these five alternatives with public choice theory lies well beyond the scope of this paper and must be reserved for another occasion. Our intention at this point is only to cite them as plausible, suggestive, and in the work of some scholars (e.g., Allison, Wilson) demonstrably effective alternative modes of analysis in politics.

problem respectively through an analysis of latent functions or bureaucratic politics.

(3) Given these distinctions, there is a tendency for public choice theory to shift policy issues toward the direct-effects category, or to reinterpret all other perceived effects in terms of this category. There is a tendency for structural and symbolic effects to be reinterpreted in terms of choice theory's analysis of constitutional rules.

(4) Political disputes and disagreements will arise among organized groups over perceived effects, including disputes over which dimensions are considered desirable. Different analytical perspectives and interests may well become a part of these struggles, which will in turn tend to politicize the apparently innocent act of classifying effects. This kind of politicization helps explain why there is often such passionate commitment by advocates of a particular approach, such as public choice theory.

(5) Policy effects that appear rational from one position on the matrix may appear irrational from another position. Thus, groups emphasizing the symbolic and structural aspects of policy will tend to be hostile toward those emphasizing the direct and indirect effects, and vice versa.

(6) Finally, there is a relevant distinction to be made between short-term and long-term perceived effects. A concern for the future can contribute to the articulation of the collective value-system characteristic of the symbolic effects of policy. We suggest that as perceived effects become more symbolic, such concern for the future increases, thereby increasing levels and kinds of cooperation within a given political community; whereas when effects are perceived to be direct, there is an increase in privatization and selfishness. Public choice theory can expect to be reasonably effective in the latter case, which approaches the situation of having Margolis's *S'* accounting for all choice. But in the former instance, the elegant simplicity of public choice may have to yield to the elegant complexity of alternative modes of analysis.

While convinced that it is important not to overtheorize in the public policy field, we are also committed to the view that the study of policy should aim for middle-range theoretical generalizations, such as those stated above, which are capable of guiding inquiry, revealing hitherto unsuspected relationships, and suggesting testable hypotheses. We offer the above scheme in the spirit of this particular view of acceptable research strategy. The propositions put forward here are not merely logical dicta, but should be thought of as generalizations capable in principle of being tested in the literature of policy, political science, and public choice.

Our recommendation is clearly not to abandon the rigor of choice theory, but rather to pay more attention both to the political contexts of

its application and to the alternative modes of analysis that have contributed importantly to the growth of relevant political knowledge. In science there is and should be no place for monopolies or imperialism. What is called for is a vigorous theoretical pluralism and a capacity to see the virtues in multiple and differentiated approaches to understanding the world of politics and public policy.