Center for Study of Public Choice

Lectures on Virginia Political Economy

The "Virginia School" and Public Choice

by

Dennis C. Mueller

George Mason University
This is the first annual lecture which is sponsored by the Center for Study of Public Choice, which is a non-profit organization located at the University in Fairfax, Virginia.

In recent years, there has been a growing interest in the public choice literature written by economic theorists such as James M. Buchanan and Gordon Tullock. The Center was pleased to have Dr. Robert D. Tollison, Professor of Economics at Virginia Polytechnic Institute and State University, as its keynote speaker.

Dr. Tollison is an economist and public choice theorist. He is known for his work on the theory of industrial organization and the role of government in market outcomes. His recent book, "The Economics of Public Choice," is required reading for students and scholars in the field.

The lecture was well-received by the audience, and the Center is looking forward to future events in the series.
This is the first annual lecture in the Virginia Political Economy Lecture Series, which is sponsored by the Center for Study of Public Choice at George Mason University in Fairfax, Virginia. This year's program was held on April 24, 1985.

In recent years, there has been increasing professional recognition of the unique contributions of the Virginia School to the study of the interaction between political and economic institutions in a democracy. Over the course of the next several years, lectures in the series will explore these contributions in depth in order to better understand the origins, nature, and implications of the Virginia tradition as reflected in the works of such figures as James M. Buchanan, Gordon Tullock, G. Warren Nutter, Leland Yeager, and their many students and colleagues.

The Center was pleased to have Professor Dennis Mueller give the first lecture in the series. Dr. Mueller is a professor of economics at the University of Maryland. He was born in Milwaukee, Wisconsin, where he attended public schools. In 1962 he graduated from Colorado College and subsequently received his Ph.D. in economics from Princeton University in 1966. Professor Mueller has taught at Cornell University, and on several occasions he served as a senior research associate at the International Institute of Management in Berlin, West Germany. He has published numerous scholarly articles and books, and is internationally known as a scholar and an economist. His professional interests center in the fields of industrial organization and public choice. In addition to being an editor of the International Review of Industrial Organization, he recently completed a major study of the causes of profitability in the American economy. Most importantly, Professor Mueller is President of the Public Choice Society and author of a well-known book about the field called, appropriately, Public Choice. This Cambridge University Press book was the outgrowth of an earlier and highly influential survey article on public choice by Mueller that appeared in the Journal of Economic Literature. Over the years Dennis Mueller has been an important participant in public choice research and in its development and growth. He has written on both normative and positive issues in public choice theory, and he is well qualified to begin this assessment of the Virginia School.

Robert D. Tollison
Director
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The “Virginia School” and Public Choice

Dennis C. Mueller

The title of this lecture contains two terms, both of which require definition. Let me start with the easiest of the two. I regard public choice as the economics of politics. Public choice widens the methodology of economics to study questions traditionally investigated by political science. The key ingredient in this approach is the assumption that political man, like his economic cousin, is a rational, self-interested being. The central role this assumption plays makes public choice, like economics, inherently individualistic and utilitarian. Both fields share this philosophical heritage, and this characteristic of public choice is important in understanding why the public-choice approach often leads to radically different conclusions than its rival disciplines.

I favor a broad definition of public choice, one that encompasses what the literature in political science often referred to as “rational politics,” and the literature in economics frequently referred to as “social choice.” That is to say, I draw no distinction based on degree of abstraction or analytic approach. Game theoretic and axiomatic analyses of political behavior are legitimately classified as parts of the public choice literature in that they build their analyses upon the assumption that individuals are rational and self-interested.

Given this conception of the public choice field, the question with which I am concerned today is what has been the Virginia School’s contribution to the development of this field, and to some extent what has been the contribution of the field itself to our understanding of political institutions.

Before we can proceed, however, we must turn to the question of defining what we mean by the “Virginia School,” or, more basically, determining whether it is even legitimate to speak of a Virginia School within the public choice field. Did Mancur Olson, whom Robert Tollison credits with having first used the term “Virginia School,” fabricate an image for which no reality existed?

The appellation “school” is used surprisingly sparingly in the field of economics. Outside of the instance in question, I can think of only three, maybe four, other schools of thought in economics. There is, of course, the Chicago School, the most frequently used and widely known apppellative of this sort. There is the Austrian School. There is the Cambridge School, whereby a place in England, not Massachusetts, is designated. And I think it legitimate to refer to a Marxist School. Some might object that this is too narrow a use of the term school, and that one can also think of a Keynesian School, a Monetarist School, a post-Keynesian School, a Rational Expectations School, and so on. I reject these additional candidates to my taxonomy of schools for reasons that will become apparent as we proceed.

If we accept for the moment my claim that there are the only schools of thought in economics it is legitimate to differentiate, the question arises what characteristics do
they have in common and does the Virginia School share these characteristics? While each appellation may connote different things to different people, I think there are three characteristics all schools have in common. Two of these will be readily acknowledged by all. First, each has its own methodology to some extent. Second, the writings of each school are colored by a distinctive ideology. I shall return to the third, more controversial characteristic: these schools have in common after reviewing the first two.

Let us begin with methodology. This attribute is most clearly apparent in the Marxist and Austrian Schools. Marx was clearly influenced greatly by the writings of classical economists and incorporated some of its concepts into his analysis. Yet his writings were obviously meant in part as a methodological challenge to classical economics, and the distinguishing feature of Marxist economics to this day is the use of and methods employed for developing this and largely alien to the rest of the economics literature, e.g., the dialectic approach, the concept of surplus value, and, most importantly, the substitution of class for the individual as a basic building block of the analysis. So different is the methodology of the Marxist from that of the modern non-Marxist economist one might sensibly question whether Marxism is really a school of thought within economics. But if one is willing to classify as economists those individuals who study economic questions (the causes of poverty, unemployment, etc.) and are housed in economics departments across the world as economists, then there are many economists who embody the Marxist methodology, and Marxist economics is legitimately defined as a separate school in economics.

Austrian economics shares with Marxist economics an antipathy toward some of the fundamental methodological presumptions of the ruling orthodoxy in economics, although for the Austrians it is mathematical orthodoxy which is questioned. The Austrian rejection of the use of equilibrium conditions, the importance they place on uncertainty and subjectivism can all be regarded as distinctive breaks with prevailing neoclassical analysis.

Of the four schools identified, the Cambridge School is perhaps the most amorphous. Methodologically, it is a mixture of Keynesianism and Austrianism and is thus also critical of modern neoclassical economics, although it is not nearly as far removed from it as Marxist or Austrian thought. Ideologically, it shares with Marxist economics a distaste of the outcomes from the market, and a belief in the desirability of government intervention, although the Cambridge School does not necessarily go as far as the Marxists in their exposed ref for the government.

Where the Marxist, Austrian, and Cambridge Schools all are critical of orthodox economics methodology, the Chicago School embodies its quintessence. Chicagoans, more readily than most economists, are willing to extend the rational man assumption, as in rational expectations models, to the point where man is not only capable of behaving consistently when making choices, but possesses powers bordering on clairvoyance. To assume that selfish, rational man might be motivated by altruism, ideology, or the like is to abandon economics for sociology in the eyes of most Chicagoans. While all non-Marxist, non-Cambridge economists share an appreciation for the potential benefits from market competition, this appreciation is carried...
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once again, to the extreme by members of the Chicago School. The notion that some
production markets might function well due to the existence of entry barriers, rather than those created by government, does not exist in the opinion of most Chicagoans (e.g., Passer, 1998, pp. 92-3). Indeed, almost any criticism that is made of the efficiency of a capitalist-market economy is answered by a
Chicagoan by invoking an efficient market. Thus, for example, the potential problems
raised by the separation of ownership from control is in the modern, large corporation
imply to resolve in a Chicagoan's eyes by the efficient working of the market for
managers (Flann, 1989). The Chicago School is distinguishable within the field of
economics not because it rejects parts of the methodology or ideology of economics,
but because it epitomizes them.

I have dipped into that most abused word "ideology" in a couple of places already.
Let me define it.

\textit{Webster's Third New International Dictionary (unabridged)} presents the following
\textit{definitions} of \textit{ideology}: "A systematic scheme or coordinated body of ideas or
\textit{ideological} or \textit{ideological} of a concept of ideology. The social
\textit{ideological} in favor of presumably more scientific and impartial social science research. It is
\textit{ideological} at a time when the world still vividly reflected the ravages
\textit{ideological} and was gripped by fear of the dangers of communism, that one
\textit{ideological} wish to live social stresses from the most fanatical manifestations of ideology,
\textit{ideological} or \textit{ideological} (e.g., philosophical) constructed wholly or in
\textit{ideological} or \textit{ideological} or \textit{ideological} or \textit{ideological} of ideology. But in less extreme forms, ideology
\textit{ideological} to the idea is an essential element or catalyst in most truly important research. To
\textit{ideological} the negative overtones of the word "ideology," let me substitute for it the
\textit{ideological} (e.g., "Weltanschauung"). A good translation of \textit{Weltanschauung} is \textit{Webster's first
\textit{ideological}: "A systematic scheme or coordinated body of ideas or
\textit{ideological} especially about human life or culture." Certainly this definition is more
descriptive than the literal translation "view of the world."

The work of the major figures in the development of each of the enumerated
\textit{ideological} of thought was imbued with a clear \textit{Weltanschauung}. Perhaps the best
\textit{ideological} of a school of thought's \textit{Weltanschauung} is not to much the answers it gives
to questions, but the questions it asks. Each school of thought has focused its attention
upon a set of interrelated questions that distinguish it both from the other schools of
thought and from the ordinary research of other economists and social scientists. Each has posed questions central to both our understanding of human life and our potential for improving it. Each has asked a set of questions, which either had gone previously unanswered, or to which unsatisfactory answers had been given. Those who have been attracted to each school have been drawn by the belief that the questions their school is asking are the most important of the day in need of answering.

All of the great thinkers in economics have been first and foremost asked of important questions. Moreover, they seem to be drawn by a curiosity that leads them to ask fundamental questions about aspects of everyday life. What separates the great thinkers from the average is their capacity to recognize which aspects of human behavior are capable of being explained by more general laws, and their capacity to distinguish between the fundamental regularities in human behavior and the trivial. No ruler of Adam Smith, Karl Marx, Ludwig von Mises, or John Maynard Keynes can come away from their writings without having gained the impression that they were astute observers of human behavior, who gained sustenance for their theories from their everyday observations of individual behavior and the operation of economic institutions.

While the great thinkers of all ages have in common a curiosity about their environment and a capability to observe and generalize about human behavior, they differ in both the questions they ask and the aspects of human behavior that attract their attention. Adam Smith was moved to inquire into the causes of the wealth of nations, and into the possible impediment to the accomplishment of this wealth the Mercantilist practices of his day might constitute. Marx became obsessed by the misery of workers. What explains these different curiosities? Time and place? Social background? Religion? The answers to these questions I must leave to psychologists. Let me simply assert that it is here that an individual’s Weltanschauung plays its most visible and vital role. For some reason, different scholars of equal genius have had different conceptions of human life, which have led them to ask different questions about human life and to observe different aspects of it. These differences, these different Weltanschauung have given rise to the different schools of thought.

Marx observed aspects of human life that many others feel that they too have observed, if only subconsciously. When these potential members of the Marxist School read Marx a resonant chord is struck. A similar sensation is experienced by converts to Austrian, Cambridge, or Chicago economics upon exposure to the teachings of these respective schools. Moreover, the chords struck seem to resonate with a more vibrant sound than normally occurs when one reads a week in economics. Those who have gone beyond the teachings of each school seem filled with greater conviction as to the validity of their arguments, as to the rightness of their positions, and, by implication or explication, the wrongness of those opposed to the teachings of their school. This then is the third characteristic the four schools have in common. Members of each school typically write and speak with more conviction about the teachings of their schools. A certain intensity is apparent both upon the written page and in the spoken word. Members of each school are filled with an enthusiasm for their work that goes well beyond the professional economist’s normal interest in economic issues.

an enthusiasm that even exceeds it. Let me now, finally, turn to the speak of a Virginia School of economics. an ideology that is sufficiently idee expose it as members of a distinct the same enthusiasm, the same p schools?

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Let me now, finally, turn to the subject at hand. In what sense is it legitimate to speak of a Virginia School of economics or public choice? Is there a methodology and an ideology that is sufficiently identifiable that we can clearly speak of those who espouse it as members of a distinct group or school? Do members of the school have the same enthusiasm, the same passion for their work as do members of the other schools?

So broad and fundamental were Adam Smith’s insights into human nature and the workings of economic institutions that nearly every reader became a convert in part to Smith’s way of thinking. Publication of The Wealth of Nations led not to the founding of a Scottish School within political economy, but to the founding of the field itself. Similarly, I think the Virginia School’s methodological contribution to the evolution of scientific thought is not so much in developing a separate methodology within public choice, but in contributing to the development of the public choice field itself. Of course, the early writings of the Virginia School were not the only works that one can legitimately classify as having led to the development of the field. Kenneth Arrow’s Social Choice and Individual Values (1951); Duncan Black’s early articles and subsequent book, The Theory of Committees and Elections (1958); Anthony Downs’ An Economic Theory of Democracy (1957); and Marcus Olson’s The Logic of Collective Action (1965) all appeared around the time Buchanan and Tullock’s early articles and the Calculus of Consent (1962) appeared. But, Arrow and Downs failed to follow up their pathbreaking studies with further research on economic policies, and neither Black nor Olson appear to have produced many students of the subject.

In contrast, Buchanan and Tullock followed up their seminal writings with a stream of articles and books that continues uninterrupted to this day. In addition, and most importantly, the Virginia schools at which they have resided produced a large number of scholars who have chosen to work in the public choice field. The first meeting of public choice scholars was organised by Buchanan and Tullock and took place in Charlottesville, Virginia, in 1963. Soon thereafter, papers in Non-Market Decisionmaking appeared, a journal devoted to the new field, and forerunner to the Public Choice journal. The existence of both the journal, Public Choice, and the Public Choice Society can be traced directly to the early efforts of James Buchanan and Gordon Tullock. One can, with justification, question whether public choice would have emerged as a separate, well-defined field within economics and political science had Buchanan and Tullock not fathered the field they helped spawn with the degree of paradigmatic care with which they did.

Today, those of us working within public choice are all members of the Virginia School, in much the same way that all economists are members of the “Scottish School” founded by Adam Smith. We are conscious that our methodology is somewhat unique only when we are in the presence of political scientists, philosophers, or other social scientists who do not employ this approach. That public choice scholars are a rather different breed is readily apparent at any interdisciplinary conference at which they are present. But at the annual Public Choice Society
meetings, one cannot tell a member of the the Virginia School without a scorecard. The Virginia School's methodology and the "public choice approach" are one and the same, particularly when viewed from the perspective of someone outside the field.

If methodological approach does not distinguish the Virginia School from the rest of public choice then ideology, or my third, less tangible ingredient, enthusiasm, must. Certainly, in the eyes of many it is ideology that sets the Virginia School apart. But, in my mind, the third ingredient is at least as important.

I spent one year at the Public Choice Center in Blacksburg, Virginia, in the early seventies and have visited the Public Choice Center both in Blacksburg and Fairfax several times since. Upon each occasion, I have been struck by the level of interest of members of the Public Choice Center in questions of a public choice nature, by the intensity with which public choice issues are discussed, regardless of whether the issue is one upon which the individual is personally doing research. Chance meetings at the coffee urn, in the locker room, or in the cafeteria all become occasions for lively discussion of public choice issues. I have been employed at and have visited numerous other universities and research centers, but I associate with none of these the same sort of level of enthusiasm and excitement for new ideas as I have always found at the Public Choice Center.

The importance of the existence of a center, i.e., a place at which the public choice approach can be learned and public choice questions studied to the development of the public choice field and the Virginia School, cannot be overemphasized. Indeed, it is interesting to observe that three of the four schools discussed here are named after places: Austria, Cambridge, and Chicago. Why the choice of a place name in three cases, a single person's name in the fourth? The reason for the choice of a place name is that the body of research to which reference is made in each instance cannot be associated with the name of a single person. Rather, the research is the product of several scholars working over a number of years at the place which gives the word the name. But why are these places and these bodies of work singled out? Why is it that there exists no Belgian School, no Oxford School, no New Haven School? Certainly it is not because these places have not been inhabited by several fine scholars, who have produced much important research. Rather, it is because the research emanating from these and almost every other place lacks the methodological and ideological cohesiveness that allows one to identify it as being part of a school of thought, and lacks my third ingredient, that extra degree of enthusiasm which makes members of the school excited about their own work and infects others with similar excitement.

If the leading luminaries of a school of thought are to be found at a given place, then those who read the work of the school and become enthused by it have a place to which they can go to study and mingle with those who share their Weltanschauung. Moreover, if a school of thought is more or less associated with a given location, it is possible for the ideas of the school to evolve. By definition, the ideas of the X School are the ideas emanating from X. If X is a place containing several scholars studying different questions, then the ideas of this school will evolve as human behavior evolves and our knowledge of it accumulates. If X, in contrast, is a person, then only X's ideas can be unambiguously defined as part of the X School, and once X dies the development of the school stops.

Contrasts the Marxist and Chicago university, there was no place to go lifetime. When he died, no single There was neither a Pope, Marx put forward by disciples of Marx has been that Marxism has by and the methodology employed (or the imperialism) are the same slyly as workers are a vanishing class, and have disappeared.

In contrast, because economists same Weltanschauung that has Chicago economics is an evolving expectations come along, an individual Weltanschauung as this one does not have hesitation. For Chicago economics of principles. It is the Chicago core and ensures that only the "right" reference must be made.

In much the same way that Chicago economics has been ineluctably linked to every corner of the globe these same basic questions of why governments are run by 1950s and examine what the conclusion was at that point of time economics.

On the macro side, the Keynesian and empirical work discussed by coordinated control arguments of macro-Walrasian counter of confidence existed that the former vary all of the instruments of government Phillips curve came into vogue. A government debt, with a corner consequence. In general, a macro impact ruled on the macro front.

On the micro side, similar sustained Theory of the State appeared in
The richness of the school is related to the environment in which it is located. This is demonstrated by the fact that the school, with its beautiful surroundings, is a place where students feel inspired and motivated. The combination of natural beauty and academic excellence creates a unique atmosphere that nurtures intellectual growth and personal development. Additionally, the school's strong community bonds and diverse cultural experiences enrich the learning experience, making it an ideal place for students to thrive academically and socially.
government intervention on efficiency grounds. The classic papers on externalities and public goods by James Meade and Paul Samuelson appeared between 1932 and 1954. The whole literature was pulled together in the influential article by Francis Bator published in 1958, with the catchy title "The Anatomy of Market Failure." "Market failure" was the watchword of the day and the implicit assumption and explicit recommendation were that government could moved to improve these market failures, and that is should.

Similar developments occurred in other branches of microeconomics. In industrial organization, for example, Joe Bain's classic Barriers to New Competition was published in 1956 and Kaymenam Tanner's Antitrust Policy in 1959. These books provided arguments and evidence indicating that high industry concentration and entry barriers led to high industry profits. They helped spawn a generation of research in the structure-conduct-performance tradition that advocated tough enforcement of existing antitrust laws and rationalized further tightening of the laws themselves.

Although his flamboyant generalizations often earned him the scorn of his more cautious professional colleagues, just as his elegant style elicted their envy, the writings of populator John Kenneth Galbraith during the fifties and early sixties are a fair barometer of the more staid "conventional wisdom" within the profession of the failings of the market and the promise of government action. As representative of the thinking within political science at the time, let me focus upon a single work, Herbert Dahl's A Preface to Democratic Theory, published in 1956, although mention might also be made of Dahl and Lindblom's Public, Economics, and Welfare, published in 1953, in which the potential for government policy in a market economy subject to market failure is treated at length. But, A Preface is a clear and concise review of basic political principles by America's premier, non-public choice, political theorist.

Dahl takes as his political departure, James Madison's theory of democracy. Thus, Dahl does not base his analysis on a romantic view of the individual and his motives. The first hypothesis of the book is that, "If uncoordinated by external checks, they given individual or group of individuals will tyrannize over others" (p. 6). Dahl goes on to analyze Madison's attempt to restrain the predilections of individuals and groups to tyrannize through the introduction of checks and balances into the political process. Dahl concludes that Madison's model is "clearly inadequate" on both logical and empirical grounds (p. 31). Majority rule, at least as it has been defended in American populist thought, fares even worse under Dahl's critical, analytic scrutiny (chapter 2), but, nevertheless, the American political system as it functions in reality winds up getting very high marks. The closing lines of the book read as follows: "...as long as the social preconceptions of democracy are substantially intact in this country, it [the American political system] appears to be a relatively efficient system for reinforcing agreement, encouraging moderation, and maintaining social peace in a realm of inmoderate people operating a gigantic, powerful, diversified, and incredibly complex society.

This is no negligible count to the arts of government and politics is the point difficult, if not

Thus, while leading practitioners for government to achieve some demonstrating how well the America To these prevailing currents of thought presented a stark contrast. Of the Duncan Black's A Theory of Conservatism note about the potential of celebrated median voter theorem under certain conditions. Unfavorable conditions are so unlikely to hold, as seen from the perspective of today, as is a large majority rule committee outcome.

Downs reprinted Hotelling's several often spatial model results (p. 7) which gets overturned in precisely the same of Downs' spatial results are subject to criticism of Downs' book is in that the rather small probability of a political process implies that rational accept Downs' reasoning on this whether we can aggregate their own.

No single work has driven an aggregate information about voter normative properties better than that Black (1958). A case can be made for it.

Of Olson's first book (1965) is as a straightforward collective action with interest groups with the associations for an oligopolistic, it is associations like consumers' united later, when he tells us of the cause.

The Calculus of Consent (1962) and the expansion of government is repro
ted to majority rule. But, in many potential of democratic institutions, It concerned to define a territorial and provides the normative under.
This is no negligible contribution then, that Americans have made to the arts of government and to that branch, which of all the arts of politics is the most difficult, the art of democratic government. (p. 151)

Thus, while leading practitioners in econometrics were busy demonstrating the need for government to achieve economic efficiency, the leading political scientists were demonstrating how well the American form of democracy did in fact work in practice. To these prevailing currents of thought, the pioneering contribution to public choice presented a stark contrast. Of the five major painstaking works cited above, only Duncan Black's A Theory of Committees and Elections (1937) sounds a uniformly positive note about the potential of political institutions. In this book, Black proves his celebrated median voter theorem. An equilibrium is possible under majority rule under certain conditions. Unfortunately, subsequent research has shown that these conditions are so unlikely to hold in practice that Black's important theorem stands, from the perspective of today, as a kind of special case illustrating the fragility inherent in majority rule committee outcomes.

Downs reproduced Hotelling's version of the median voter outcome and derived several other spatial model results (1957). Unfortunately, the Hotelling-Downs result gets overturned as precisely the same way Black's median voter result does and the rest of Downs' spatial results are subject to similar criticism. The most original and lasting contributions of Downs' book is undoubtedly the idea of rational ignorance, the idea that the rather small probability of any voter making a difference to the outcome of the political process implies that rational voters will tend to remain uninformed. If one accepts Downs' reasoning on this point, then the issue of whether voters vote, or whether we can aggregate their votes rationally, becomes rather inconsequential.

No single work has driven home the message that political processes may aggregate information about voter preferences to produce outcomes with undesirable normative properties better than Kenneth Arrow's Social Choice and Individual Values (1951). A case can be made that the message has been misinterpreted and oversold. But there decades of subsequent research by countless scores of theorists dramatically attest to the capitivating power of the theorem and the resilience of the result.

Olson's first book (1965) is also full of glossy notes. The free-rider problem is pervasive. Interest groups with small numbers of participants, like a producers' association for an oligopolistic industry, are more readily than do large member associations like consumers' unions. Olson's song does not sound any sweeter 20 years later, when he tells us of the causes of the decline of nations, and stagnation (1982). The Caledar of Consensus (1962) also contains its discordant sounds. Gordon Tullock's classic article (1959) showing how majority rule can lead to an excessive expansion of government is reproduced as chapter 8, and in general the book is not kind to majority rule. But, in many ways it paints the most optimistic picture of the potential of democratic institutions of the five major pioneering works discussed here. It cozen close to defending logrolling as a method of revealing intensity of preferences, and provides the normative raison d'être for a two-stage political process in which
conflicts over voting rules, property rights, and other distributional issues get resolved unanimously and equitably in a first constitutional stage. It remains even today one of the most comprehensive, and at the same time optimistic, discussions of democratic institutions in the public choice field.

Subsequent developments in public choice have followed the pattern set by the early classic—some good news, but badly bad news. Arrow's theorem has been interpreted in different ways. Leguishing does not make matters better, but is symptomatic of the underlying cyclical problem with which we began. The potential for cycles allows an astute agenda setter to maneuver a committee to almost any point in the issue space he prefers. New impossibility theorems have been added, like Sen's liberal paradox (1970). Government budgets grow large because both of the voting rules we employ (geographic representation, pre-vote screening by committees, sensitivity rules for committee leadership, the use of majority rules), and because we "purchase" government outputs from bureaucrats led by individuals bent on maximizing their budgets. Our legislators sell bills to their highest bidders. The courts intensify these sales through their interpretations of the laws. Voting with-the-foot is not a Pareto-efficient means for revealing individual preferences for local public goods, as we thought it was when Tidball first made the suggestion in 1956. I could go on, but the list is never ending.

The bulk of the public choice literature is, like its half-sister economics, positive analysis. Positive analyses of an ugly world, if done properly, will paint an ugly picture. If the political world is truly ugly, then the positive public choice literature deserves high scientific marks for accurately reflecting this reality.

I have heard George Stigler quip: do having responded to the question of how his work differs from Milton Friedman's with the following answer, "Milton Friedman wants to change the world. I want to understand it." Forced to choose, most economists would associate themselves with Stigler's position, rather than the one attributed to Friedman. Indeed, many economists entirely the posing of normative questions, and profess with pride that they engage only in positive economic analysis.

Let me play devil's advocate and assert that the social scientist's objective ought to be both to understand the world and to change it. The first is, of course, a means to the second. To seek to understand the social world while studiously disregarding the possible implications of one's research for improving it would be to allow one's research to be driven entirely by idle curiosity, by the whim of what questions struck one as interesting without regard to their importance. Such research is, as well, all too common in economics, and it is not the kind of research that, it seems to me, we as social scientists ought to be pursuing. If it is merely puzzle solving we seek, then certainly there are more challenging puzzles to be solved outside of the social sciences—the origins of life, of the universe, the existence of God. Finding an algorithm for shifting the colors on Rubik's cube would involve more pure mental challenge than proving half of the propositions that fill the pages of the leading economics journals today.

If we date the founding of the Virginia School to the publication of Cycles of Content (1953), then the school's inaugural contribution was a blend of both positive and normative analysis. This comprehensive view of political issues may stem from James Buchanan's choice reading (1806) shortly prior to his departure. He annotated the reason why he collected an analogy between the quad and the market. Wickell's essay set the democratic procedure, a picture of Buchanan's settings and those of that selfish people in a wicked outcomes is not surprising. What is economics in the fifteen and early six is now out. Public choice has played and public discourse to the point of failure of research are significantly in payoffs today are in explaining how outcomes and how they might be public choice has been and remains to discover voting rules like the death of the preference revelation problem.

Public choice allows one to invest tailored to revolve entirely and at dimensions at which they occur. Potential for designing constituent interest in ways that we would all an important influence within public combined the analysis of political for the task of ensuring that the public years is now completed. The Future School can be proud of the role it has played.

The premium in academic today, the school's fifth year of employ journals, forces young scholars to be acquired during the first few years. In a mature discipline, most of the choice between tackling difficult in periods and have high risks of failure, existing literature that can be congruous answers to unimportant. Public choice today stands in direct welcomed growth of interest in the scholars in economics and political
James Buchanan's chance reading of Knut Wicksell's "Essay on Just Taxation" (1876) shortly prior to his departure from Chicago. In this essay, Wicksell clearly enunciated the reason why collective action outside the market is necessary and drew an analogy between the quid pro quo of a democratic process and the quid pro quo of the market. Wicksell's essay stretched an optimistic picture of the potential for democratic procedures, a picture whose outlines have remained indistinguishable in many of Buchanan's writings and those of others in the Virginia School.

That selfish people in a wicked world design institutions that produce wicked outcomes is not surprising. What is surprising is that so many political scientists and economists in the fifties and early sixties were so as if this were not the case. But the news is now out. Public choice has played an important role in enlightening both academic and public discourse to potential failings of political institutions. But the payoffs to this line of research are significantly smaller than they were, say, 20 years ago. The big payoffs today are in explaining why political institutions produce undesirable outcomes and how they might be redesigned to produce better ones. In any third, public choice has been and remains an exciting field of research because it allows one to uncover voting rules like the demand revelation process, which allows one to solve the preference revelation problem that has plagued public goods theory from the start. Public choice allows one to investigate how a federalist political system might be tailored to resolve externality and public goods problems at the differing geographic dimensions at which they occur. More generally, public choice has revealed the potential for designing constitutional constraints that might channel man's selfish interests in ways that we would all agree are acceptable. The Virginia School has had an important influence within public choice because it, taken as a whole, has always combined the analysis of political failure with the potential of political institutions.

The task of ensuring that the public choice baby survives, and guiding it through its early years is now completed. Infancy and adolescence are over, and the Virginia School can be proud of the role it has played in the development of its progeny. Public choice has emerged from a period of rapid growth in which numerous important, exciting discoveries have been made. It stands today as a mature academic subdiscipline, whose future remains uncharted. It stands today as an academic causeway.

The premium in academe today is on speed. The tenure decision is typically made during one's fifth year of employment, and this, combined with long queues at the journals, forces young scholars to pose questions that can be quickly answered. Habits acquired during the first few years of one's career often seem to persist throughout it. In a mature discipline, most of the "easy discoveries" have been made. One faces the choice between tackling difficult but important questions that require long gestation periods and have high risks of failure, or less significant but safer extensions of the existing literature that can be completed quickly. The journals today are filled with ingenious answers to unimportant questions.

Public choice today stands in danger of following down this well-worn path. The welcomed growth of interest in the field has begun to show up in the numbers of scholars in economics and political science departments around this country and even
in parts of Europe. The journal, Public Choice, has been joined by at least one other focusing exclusively on public choice research, and the leading journals in both political science and economics regularly publish articles in the public choice field. Significant diminution of the returns to conducting some questions has been observed, however. The issue of whether the field will maintain its vitality as a mixture is not an idle one. At this juncture, the Virginia School, guided by its Weltanschauung, can serve as beacon, with the Center for Study of Public Choice as lighthouse, directing the young and not-so-young scholars of the public choice field away from the seething storms of inconsequential research, back to the basic issues of how self-interested individuals interact within political institutions, and how individuals could design institutions that would better achieve their ends.
References