**Introduction: What Is Public Choice?**

* Before we jump into discussing and analyzing the ideas contained in the field known as public choice, we must define what exactly the field of public choice is and what it means when we use that term.
* Public choice is a field of economics, but what is economics?
* No doubt, you have heard a variety of definitions of economics in your time here as majors, all of which surely contain a great deal of truth but many of which emphasize different characteristics as essential.
* There will be different schools of thought even within public choice that answer that question somewhat differently
* It is thus best to keep our definition very simple. Let us define economics, then, as merely the study of purposeful human action.
* What, then, is **public choice**?
* Public choice began as something called “Non-Market Decision Making” and was the subject of a journal by the same name, edited by the economist Gordon **Tullock**.
* Tullock and many of the economists who you will read this semester were founding members of the Public Choice Society and helped to define the field itself
* In essence, **non-market decision making** is the application of economic theory to the study of—exactly as it sounds—contexts of human interaction outside of markets, contexts in which some of the usual institutions and mechanisms that we expect to order social interaction such as the price system and private property rights may not exist or be recognized and even contexts in which some of the assumptions typically viewed as necessary for trade—such as the exclusion of physical force between participants—no longer hold.
* Public choice, specifically, is the application of non-market decision making to the study of the state and of political action.
* Ideas that we will explore go to the heart of questions asked every week in the news:
* Why hasn’t this or that politician followed through on his/her campaign pledge?
* Do markets have failures? Is government an effective tool for correcting those failures?
* Can government be run like a business?
* Why do people vote as they do?
* Etc.
* In all cases, I want to inculcate you with an economic way of thinking about these questions. You will have the rest of your lives to go back to thinking about them the way that most people do, but if you will join me for fourteen weeks in thinking about these issues like an economist, it could clarify your thinking on them for the rest of your life.

**Week 1A: From Anarchy to the State**

* Before we dive into the inner workings of the state, which we will discuss in the coming weeks, we first have to address a subject usually brushed over in even academic discussions of politics: the existence of the state itself.
* What is a **state**? For the purposes of this class, we will work from the definition offered by German sociologist Max **Weber**. In “Politics as a Vocation,” Weber defined a state as an institution that successfully establishes a **“monopoly of the legitimate use of physical force within a given territory.”**
* Human beings existed for ages before the existence of states and continued to exist in stateless societies for roughly seven thousand years after the creation of agriculture by the Ancient Sumerians. Thus, many of them came to be settled down in one place, no longer nomadic, living, sustaining, and producing together without a state for millennia.
* Anthropologists Charles Spencer and Elsa Redmond list six “primary states”—that is, states whose people had never encountered any other society with a state. They thus devised these institutions entirely independently in vastly separated regions: Egypt, Mesopotamia, the Indus River Valley, North China, Peru, and Mesoamerica, ranging from 3000 B.C. to 100 A.D. This list is not necessarily comprehensive. (http://www.jstor.org/stable/25064850)
* Leading theories of state formation
* **Voluntary theories**, which contend that people came together in a voluntary manner as a result of common interests, making it a rational choice to form a state to deal with common challenges
* Hydraulic hypothesis (a public goods interpretation) contends that the need for farmers to come together to create large scale irrigation projects gave rise to the need for a central coordinating entity that could direct the use of resources
* Automatic hypothesis contends that the surpluses offered by agriculture were necessary for state formation and that the state somehow formed “automatically” after that. (Doesn’t really explain why.)
* **Conflict theories**
* Internal threat: states form as a result of one group oppressing another
* External threat (Strongman hypothesis): states form as a result of the need for protection from external threats, leading some members of society to pay tribute to whoever is best able to wield force in their defense against outside threats
* In these theories of state emergence, we can see the three concepts of states that James M. Buchanan defined and that still animate political debates on every lesser political issue today. Those are
* The **protective** state (Strongman hypothesis)
* The **productive** state (Hydraulic hypothesis)
* The **redistributive** state (Conquest theory)
* In political philosophy as well, we find analogies to these theories, many of which assume normative implications in the process
* Social Contract Theory
* Holds civil society as the result of people who emerged from the wilderness and came together in order to avoid the brutality of uncivilized existence and thereby submit to an unwritten “social contract,” by which they give up some of their rights in exchange for security and civilization
* English philosopher Thomas **Hobbes** once called life before statehood “solitary, poor, nasty, brutish, and short.” This “Hobbesian state of nature,” as it has come to be called, is characterized by a “war of all against all,” resolved through social contract when individuals submit to a benevolent autocrat.
* Swiss philosopher Jean-Jacques **Rousseau**, author of *The Social Contract*, later recognizes the establishment of private property as the basis for this social contract and for civil society. Rousseau, however, views the establishment of property as the greater evil, an act which takes “in excess… from the common subsistence,” beyond what one needs to survive. Rousseau denounces this as the beginning of the pursuit of luxury, arts, and science, and a relinquishing of our fundamental ethic: pity. He thus views this as a negative and idealizes a return to nature and a rejection of civilization.
* John **Locke**, also a social contract theorist, came to it from a different view of man, viewing him as a rational, tolerant creature who in the state of nature had a natural right to defend “life, health, liberty, or possessions,” but who submitted to the formation of a state and civil society as a better means of resolving disputes
* Anarchy revisited
* Just as we could not merely assume the existence of the state without explaining it, we cannot assume the need for the state without justifying it. On this, many of us may disagree.
* Some theorists in political philosophy but also in economics have developed both positive and normative arguments for why anarchy might, in at least some cases, be preferable to statehood.
* Friedman on Iceland
* Robinson on improvised trials
* Anderson and Hill on the Wild West
* Leeson on Somalia
* Arguments
* The logic of Hawk-Dove Games
* **Spontaneous ordering**
* Competition in law creation (as with common law courts)
* Competition between law-providing agencies
* Markets already provide many services held to be exclusively the province of states
* Private security
* Arbitration
* Ostracism
* The international community already exists in a state of anarchy
* Counter-arguments
* **Scalability**: do the examples used by pro-anarchy writers scale up, or do they only work in very limited contexts?
* **Natural monopoly**: competing agencies would only wind up converge into a monopoly once they standardized a legal code
* **Chaos**: if they didn’t converge, they would resort to fighting, and the Hobbesian state of nature truly would emerge
* **Transition problem**: how could any one state in today’s world opt for anarchy when others will not? Collective action problem.

**Week 1B: Types of States**

* Now that we have addressed theories and evidence as to the emergence and existence of states, let us turn to the particular forms which states can take. After all, in order to *be*, a state must *be something* in particular. It must have a form and, if we adopt a rational choice approach to political institutions, as public choice teaches, then we must assume that each aspect of that form has a function which benefits *someone*—albeit not necessarily *everyone*.
* In the first work of what could be called “political science”, *The Constitution of Athens*, believed to have been written by Aristotle sometime between 330 and 322 B.C., describes in meticulous detail the political structure and decision making apparatuses used by the people of Ancient Athens from the city’s foundation to the time of his writing.
* It is important to recognize what Aristotle means by “constitution.” He is not writing a legally binding document to constrain the state of Athens subject to its people, as we think of a modern constitution doing. That meaning is really only developed with the U.S. Constitution. Aristotle is referring to a “consitution” in the more archaic sense of the word: a description of what *constitutes* the state.
* In the process of this description, Aristotle is not only writing the first of 120 “constitutions” of states. He is elevating political thought, which existed in only a nascent form, into a field of scientific inquiry. This, by the way, is in addition to creating the field of ethics and, arguably, the hard sciences as well with his work in marine biology.
* It is in many ways difficult for us to relate to political thought before this—before political philosophy and science. Despite being best known for being the birthplace of democracy, if you had asked an Ancient Athenian, “What is your city like?”, you would be very unlikely to get an *institutional* answer. He would have said something like, “Well, it is like you, and me, and them, and there are people who live their separate lives but come together to make certain decisions for the city.”
* Key to their thought and discussions of their system, however, were the ideas of *dike* (justice), *kosmos* (order), and *eleutheria* (freedom). To Greeks, maintaining *kosmos* is the most essential function of society and of a state. To lose order was to lose everything good we have to gain from society, and order and balance were elevated as ideals in every human endeavor, from sculpture and architecture to early medicine and, yes, to political thought. And the most essential way of maintaining the *kosmos* was maintaining *dike*—justice.
* To be Greek, in an Athenian’s mind, was to be free, and it was the basis of their sense of superiority to all other peoples they encountered. When in the Greco-Persian Wars, Greek soldiers encountered Persian soldiers and the Persians asked them why they did not surrender, a Greek soldier famously said “You know only one half of what you speak. You know slavery, but you do not know freedom, so you cannot know if it tastes bitter or sweet. For if you did, you would fight for it not only with spears but with axes as well.”
* Not all states were made equal, however, and different city-states with different cultures and institutions prioritized different features. The two major rival states of the Greek Golden Age exemplify the essential state types of ancient times
* Athens (Monarchy/Oligarchy 🡪 Democracy)
* Under King Draco, the Athenians were placed under a law which declared that all who could furnish themselves with military equipment (a luxury in those times) could vote, and they would elect nine Archons and some treasurers, as well as four hundred and one members of the Council, who would be chosen by lot from the eligible voters. Soon enough, however, the people rose up and challenged the existing order, starting a protracted conflict, as Aristotle tells us, “till at last, by common consent, they appointed Solon to be mediator and Archon, and committed the whole constitution to his hands.”
* Solon, one of the most universally revered figures in all of history, who could have seized power for himself, instead “Solon drew up a constitution and enacted new laws,” abolishing the practice of imprisoning or enslaving debtors, dividing the people into four classes of property holders and entitling each to an equal share of power, allowing all classes to seek recourse to courts, and offered jury trials to the accused.
* Finally, after having made the laws and being beset by pleas to change this or that, in order to ensure their steadfastness, Solon exiled himself to Egypt. Having neither redistributed wealth, as lower classes wanted, nor maintained the status quo, as upper classes wanted, Solon eschewed all expectations and created lasting institutions which gave way to the greatest years of Athens.
* Sparta (Monarchy/Oligarchy)
* In Sparta, we find a very different kind of state. Namely, we find an oligarchical/monarchical system. What exactly do we mean by “oligarchy”? In essence, it is rule by elites or rule by the few, and unlike Athens it does not reform out of this condition over time. From what we know of Sparta’s inception (which is imperfect) until its slow demise to a third- or fourth-rate city by Roman times, it remains a city in which the state is the centerpiece of society and, until it gradually loses power, a culture in which the measure of the state and of individuals was achievement in warfare.
* Though we must be careful in applying this term loosely (as is so often done today), Sparta is close to what we might call a proto-fascistic society: that is, one in which private individuals retain their property in daily use and incur the costs of maintaining it but in which the state is unrestricted in its ability to seize that property for its own uses whenever it wishes, up to and including man’s life.
* Conquest and dominance of the Greek countryside was an obsession for Sparta, driven by fear of losing control. This led them to train soldiers from the age of seven; require men and women to eat separately; elevate courage as the only human virtue; punish—even kill—survivors of battle for living where their comrades died; and engage in annual, ritual hunts of slaves known as *krypteia*.
* Like Athens, Sparta had a lawgiver in Lycurgus, who started with eugenics and the prohibition of choosing one’s mate, instead empowering oligarchs to match the best men and women to breed. His laws denied youths in training food, permitting them to steal what they needed to survive rather than working and to engage in spying on their own people to facilitate their theft in hopes of making them more resourceful on the battlefield. Punishments were only given for being caught, not for stealing. He broke the bonds between parents and children, making punishment of the youth open to all.
* It is worth noting that all Ancient Greek education was private except for Sparta, which prioritized indoctrination of the youth with certain prized virtues meant to translate into war.
* From the polar opposite visions of states that we see at the very birth of political thought in Ancient Greece, we can derive most of the differences in political ideals that we find in subsequent thinking and practice.
* Though oligarchy no longer explicitly exists as it was known in ancient times, we can see many analogues of these Greek models in states since then.
* How different is an oligarchy from a one-party state like China?
* How much less Draconian is modern Saudi Arabia than Greece under Draco?
* How does democracy today differ from democracy then?
* The essential modern types of political institutions that we will consider here are three:
* Autocracy
* Democracy
* Republics
* Other institutional structures may have existed that don’t fit neatly into these categories, and certainly other structures have been theorized, but these three describe such an immense percentage of the states which have existed throughout history that by learning them one should have no trouble opening a history of the world, looking to any historical power, and understanding the basis of its workings by knowing to which of these categories it belongs.
* Autocracy
* I will not spend as much time discussing autocracy here, as later in the semester we will spend an entire week on it, but it is important to begin with the subject of autocracy because it is both the first form of government devised by man and, historically, the most common by far.
* The concept of autocracy is simple: whatever the structure it takes—hereditary monarchy or non-hereditary dictatorship—one individual holds ultimate power
* There may be a variety of structures within the class of autocracy, but the essential question to ask is whether one person has ultimate veto power over the decisions of all others, should he choose to use it.
* Democracy
* True or pure democracy is unlimited democracy. That is: unlimited majority rule. In Ancient Athens, this meant everything up to and including majority will as to trials and executions. As with Socrates, the people could literally vote away the life of another.
* Direct rather than representative voting had the side effect of ensuring that usually only those wealthy enough to leave their farms and attend votes would be represented.
* Even with representation, most democratic states since have attempted methods of restricting the power of the majority.
* Republics
* Did not emerge until the Republican Era of Rome, after Rome abolished its own monarchy but before the rise of the emperors.
* In essence, a republic is a polity in which the country is considered to consist primarily of private parties governed by public, representative institutions, the powers of which are limited by a prevailing rule of law and, in some cases, by an explicit, written constitution.
* "When the citizens at large govern for the public good, it is called by the name common to all governments (*to koinon onoma pasōn tōn politeiōn*), government (*politeia*)" - Aristotle