

## **Democratic Devices and Desires**

*Geoffrey Brennan and Alan Hamlin, **Democratic Devices and Desires**,  
Cambridge University Press, Cambridge 2000*

*Reviewed by **Perry Shapiro***

Professors Brennan and Hamlin have produced a commendably ambitious book. *Democratic Devices and Desires (3D)* is, simultaneously, a critique of selfish actor public choice theory and a proposal for a new direction. While I take exception to various aspects, it is an important contribution to public choice theory. It is a challenge to all scholars who hope to push forward understanding of democratic societies.

In the words of the authors, *3D* ‘... is an exercise in ... “public choice” theory’. However their characterisation is both overmodest and misleading. With varying success the book aims to overturn the most traditional basis of public choice theory, namely the self-interested rational economic person. The replacement is a model of public choice that has at its core, political representatives of uncommon virtue and voters motivated by expressive, rather than instrumental preferences.

Traditional public choice theory starts with the selfish and self-serving individuals acting in the public sphere. The theory concludes that public outcomes, unlike those of the competitive market for private goods, are neither stable nor efficient. While *3D* is unconcerned about the inefficiencies, instability is a major focus of the book. It seems to me that the preoccupation of public choice with these, so called, failures is overdone.

Efficiency appears to be a natural consequence of a public choice process in which the public decision-makers have any concern for citizen approbation — the decision-maker either is concerned about re-election or the general good feeling of the public. There is no reason why an inefficient public goods choice should be chosen by a fully informed decision-maker (except, perhaps, for malevolent motives). An efficient outcome requires that there is no redistribution of resources or product that could make some person better off without diminishing the welfare of any other individual. No matter how selfish is a public decision-maker, there is no reason to withhold benefits from others, as long as personal welfare is unaffected. In fact, if voter approval is important, there is every reason to make sure that there is no unused surplus to distribute.

Even if public choice outcomes are efficient, the stability problem remains. Brennan and Hamlin focus on the Arrow Impossibility Theorem as it is a rigorous and familiar representation of public choice instability. Their critique of Arrow is familiar, and certainly correct. It is that the restrictions that Arrow imposes are much too severe for any workable social system. We really should not expect a

well-behaved social outcome for any potential aggregation of people, no matter how heterogeneous it is. The relationship between a male and female, for instance, is unstable if their preferences are too different. The same must be true for any aggregation of individuals attempting to agree on a common policy. An important moral of the Arrow Theorem is that stability requires a degree of homogeneity. Brennan and Hamlin, following the noble tradition of political theorist, tell us how a stable (and righteous) democratic society can be built for a heterogeneous aggregation of people.

First they reject the notion of public choices based on the simple calculus of the individual rational net benefit maximiser. In their view citizens are not instrumental voters, thinking only of the personal net gains from voting, for if that were the case, voting would never be rational. Voters are, instead, motivated to 'express' their approval of the option that most closely matches their own perception of what is best. Furthermore, their motivation is not simple economic self-interest, but rather the desire that the socially virtuous outcome prevail. Citizens abstain from voting when there is no alternative that sufficiently matches their ideal. Thus voters do not perform a cost benefit calculus, rather, they vote to express approval of an alternative, regardless of the cost of voting.

This is a plausible theory, but disturbing. The theory of expressive voting, as presented in *3D*, has no practical implications. Indisputably, individuals are motivated by a number of influences, expressive as well as instrumental. Brennan and Hamlin might have chosen the expedient course and offered the possibility of multiple motivations and the compromise of expressiveness as random noise in the model of instrumental voting. This position is strongly rejected by the authors on page 176:

...expressive voting undermines the normative credibility of direct democracy in a manner much more radical than that threatened by the more standard idea of rational ignorance. Rational ignorance might be conceived as adding statistical noise to an otherwise essentially deterministic system. In this interpretation, although the vote is not a perfect reflection of voter interest, it is at least still correlated with interests; and this correlation might be sufficient to ground the normative status of direct democracy. The expressive voting idea, when applied to direct democracy, removes the prospect of any reliable, consistent relation between voting behaviour and either private or public interest.

From both a practical and empirical perspective, this seems indefensible.

Clearly, voters, and their elected representatives, are strongly motivated by perceived self-interest. Representatives work hard to secure public work projects for their districts, and when successful, they make sure that the success is touted widely. For instance, numerous studies find a strong correlation between parenthood and support for educational expenditures. The same (consistent with the *3D* perspective) find that political affiliation is a strong predictor of public expenditure support as well. The question is not whether voters are motivated by

expressive, as well as self, interest, because unquestionably they are. The practical concern is whether these other motives can be treated as random noise. What this means for the design of an econometric study is that the researcher should be concerned that the excluded expressive concerns are uncorrelated with the included indicators of self-interest. While they may be correlated, there is no empirical evidence that they are. If there is importance to estimating public good preferences, then the maintained hypothesis of no correlation is reasonable until otherwise demonstrated.

The question is, is there value to estimating the demand for public goods? The estimates are useful in determining the allocation of public expenditures. Commonly, in cost benefit analysis estimated consumer surplus is used as the benefit measure. Does consumer surplus, even if it is applied to purely private consumption, truly represent social welfare? Clearly, it does not. Nonetheless, it is a useful attainable approximation of a desired value. Interpreting voting as an expression of private interests, and thus, personal preferences, is an economical way to estimate and important policy values.

*3D* confronts one of the most interesting aspects of political theory, namely, the importance of civic virtue. If, as the ‘Federalists’<sup>1</sup> recognised, all men were angels, no government would be necessary, but government can not succeed if all men were scoundrels either. Political leaders and public servants must possess a degree of public morality. The Federalists specifically recognised the principle-agent problem of the self-interested public servant, and their government design, in which ambition is made to counteract ambition, provides a degree of self-enforcing regulation. Nonetheless, even that clever construction would be unsuccessful without some degree of public virtue. Brennan and Hamlin bravely attempt to incorporate the aspect of morality into the framework of the rational actor tradition of economics. This is a difficult task and they are partially successful in its implementation.

Central to their story is something they label screening. As with many explanations in the book, it is a bit difficult to tie down exactly what is meant by the term. I think a fair representation of it is that the public job market holds out higher reward to virtuous people than those without virtue.<sup>2</sup> Because of this, the virtuous are attracted to the public sector, while the self-serving are attracted to private sector employment. An evolutionary argument is used to show that in equilibrium there will be a stable fraction of the population that is virtuous and will choose the public service as a life career. This is a very clever device. However, while morality is important to the success of a public life, observation of the world convinces me that the people who choose public careers do not have a monopoly on virtue. There may be a *V* attribute, as Brennan and Hamlin label virtue, but something more convincing than a simple mixed strategy equilibrium

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<sup>1</sup> By this I mean the authors of the Federalist Papers, Alexander Hamilton, James Madison and John Jay.

<sup>2</sup> It seems that virtue, as used in the book, is indistinguishable from a predisposition to do well at public employment. While it appears that the authors have a much more ethically based notion of virtue, as modelled it is a job-specific skill.

argument, as given in 3D, is needed to conclude that *V* has a higher ethical value than a simple comparative advantage in public sector employment.

*Democratic Devices and Desires* is an important and radical contribution to the theory of public choice. Undoubtedly its challenge will draw much critical fire. But all serious students of political economy and institutional design should read this admirably original and scholarly work.

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