

PUBLIC CHOICE: A REVIEW

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Public Choice is a sub-specialty in economics that has grown to the point where it has its own journal, its own annual meetings, and its own group of practitioners. In this article I will describe what constitutes the field of Public Choice, give a brief history of its development, and also offer a Christian critique.

What is Public Choice?

Public Choice is best defined as the application of the rational choice model to non-market decision-making. In a more general sense, it has meant the application of economics to political science. Jim Buchanan, one of the founders, has argued that Public Choice also involves the application of catallactics, or the science of exchanges. Thus the combination of the *homo oeconomicus* assumption, under which individuals are seen as seeking to further their own self-interest, with the catallactic approach means that collective action is modeled with individual decision-makers using the political process to further their self-interests. This focuses the analysis upon the origins, properties and institutions of exchange, and asks the question, how well do these institutions allow individual preferences to be realized? This analysis is process rather than ends oriented and makes no judgment about the appropriateness of the preferences that are acted upon through the non-market institutions.

This approach sees individuals in the political process as pursuing utility maximization subject to the institutional and budgetary constraints that confront them. No distinction is made between the motives of an individual operating in the market place versus one acting in the political arena. Government is seen as a set of instruments for providing certain types of goods and services that may be hard to provide under the market and the same standards of evaluation are used as for traditional price theory, namely: Do equilibria exist? Are they stable? Are they Pareto efficient?

The Public Choice Society was established in 1965 by Gordon Tullock and James Buchanan. Founded upon the economic model of rational choice, it had the explicit goal of facilitating exchange of work and ideas at the intersection

of economics, political science, and sociology. A journal, *Papers in Non-Market Decision-Making* was established in 1966, and was renamed *Public Choice* in 1968. Public Choice societies have also formed in Europe and Japan and four additional journals have been started: *The Journal of Constitutional Political Economics*, *Rationality and Society*, *Journal of Theoretical Politics*, and *Economics and Politics*. In 1986, James Buchanan was awarded the Nobel Prize in economics, largely for his contribution to the development of the field of Public Choice.

A Brief History of Public Choice

Analyzing the forces of self-interest working their way through the political process certainly doesn't begin with the Public Choice revolution of the 1950s and 60s. Machiavelli (1469–1527) and Hobbes (1588–1679) are among early authors who used this approach to political economy. However, the writings of Duncan Black (1948a, 1948b, 1958) are generally seen as the beginning of the modern Public Choice era. Black was the first to use the analytical tools of economics to study voting procedures and decision-making processes in groups.

Public Choice received a strong impetus from three basic forces during this period of time. The theoretical work on social welfare functions, the development of theories of market failure, and the increase in the size of government all contributed to an interest in further study of collective action.

The social welfare function literature started with Abram Bergson's 1938 article, "A Reformulation of Certain Aspects of Welfare Economics," and was followed by his "On the Concept of Social Welfare" in 1954. Kenneth Arrow made an important contribution in 1951 with his book, *Social Choice and Individual Values*.¹ Paul Samuelson, in Chapter 8 of *Foundations* (1947), also developed the concept of a social welfare function. These approaches built their aggregate welfare indexes on the concept of individual preferences, but the major focus tended to be upon the aggregate. Thus, the social welfare function literature led to an organic view of the state with the idea of societal

decision-making. Public Choice, through the work of Buchanan (1949, 1954) and others, responded with a methodological individualism in which the unit of the analysis was always a person, even if the decision-making process involved collective action.

The theories of market failure had their formal origins in William Baumol's *Welfare Economics and the Theory of the State* (1952). Paul Samuelson further developed market failure theories with his 1954 article, "The Pure Theory of Public Expenditure," and Frances M. Bator's 1958 article, "The Anatomy of Market Failure," also contributed. These works developed a rigorous explanation of how and when markets would fail to meet certain efficiency criteria and thus gave an important rationale for government intervention. However, the same rigor of analysis was not applied to government policy and Public Choice was, at least in part, an attempt to rectify this deficiency.

Finally, between 1946 and 1974, total government purchases of goods and services as a percentage of GNP in the United States increased from 13% to 22%, and total government receipts as a percentage of national income rose from 28% to 40%. Thus the rise in importance of government in the economy gave another impetus to development of formal models for the study of collective action.

Prior to the Public Choice revolution most analysts tended to think of government as simply a mechanism that would do good if given enough resources.

The 1950s saw more Public Choice scholarship, especially the work of Downs (1957), that contributed to the ongoing analysis of collective action through the use of the science of exchange and the self-interest model of economics. In the 1960s, two books were published that served as the basis for much of the future research. In 1962, James Buchanan and Gordon Tullock published *The Calculus of Consent: Logical Foundations of Constitutional Democracy*. This was followed in 1965 by Mancur Olson's *The Logic of Collective Action: Public Goods and the Theory of Groups*.

The Calculus of Consent develops more fully the concept of a quid pro quo process of exchange among citizens. The book reflects the tension between the potential for gains from trade that can be provided by a constitutional order on the one hand, and the potential losses from individuals pursuing their interests through in-period politics on the other. This approach is clearly contractarian in nature; collective action is seen as a mechanism for achieving goals not attainable under markets.

The Logic of Collective Action develops a theory of group and organizational behavior that explains the difficulty of translating individual self-interest into group behavior that enhances collective well-being. In other words,

simply desiring to achieve certain goals through group action does not necessarily mean that those goals will be accomplished. Individual rationality may sabotage the efforts to reach group objectives.

Thus by 1965 the theoretical foundations of Public Choice were in place. Since then there have been additional developments, but before turning to those it is useful to consider how dramatic a transformation Public Choice meant for thinking about the workings of government. Prior to the Public Choice revolution most analysts tended to think of government as simply a mechanism that would do good if given enough resources. John Kenneth Galbraith, writing in 1958, captured well the prevailing sentiment.

The final problem of the productive society is what it produces. This manifests itself in an implacable tendency to provide an opulent supply of some things and a niggardly yield of others. This disparity carries to the point where it is a cause of social discomfort and social unhealth. The line which divides our area of wealth from our area of poverty is roughly that which divides privately produced and marketed goods and services from publicly rendered services.

Galbraith took the imbalance in the quality of private and publicly produced goods and services as evidence that the private sector was over-funded relative to public activities, rather than focusing on the differences in incentives and information that are generated in the two sectors. Galbraith was not an outlier during this period of time but rather reflected a common perception of government as the rectifier of market failings.

Even someone as unenthusiastic about government as Milton Friedman implicitly accepted the "public interest" theory, or the idea that government officials would do the right thing if given the correct information. Writing in 1985, he tells of the evolution of his thinking.

Economists have sought to discover how to manipulate the levers of power more effectively, and to persuade—or educate government officials regarded as seeking to serve the public interest.... I offer myself as an example. Only recently have I come to the conclusion that the Federal Reserve System's imperviousness to my technical advice reflects neither the wrongness of that advice nor the ignorance of the powers that be, but rather the simple fact that the self-interest of those powers and of the Federal Reserve System would not have been served by adopting that advice. Could a System that had restricted itself to maintaining a steady and moderate rate of growth in the quantity of money conceivably have acquired the prestige and influence that the System now has? Would the head of a System that had limited itself to that modest and feasible task be regarded in poll after poll as the second most powerful person in the land? (Quoted in Rowley 1991).

Further Developments

Voting Issues

Since voting is the action most analogous to purchases in the market sector, it is not surprising that a considerable amount of the Public Choice literature has dealt with voting issues. A perennial question has been, why vote? If one thinks of the decision to vote or to abstain from voting as depending on expected utility, the self-interest model would predict that the voting decision would depend upon the benefits received from the success of a preferred candidate, the probability that the citizens' vote would be decisive, and the costs of voting (Riker & Ordeshook 1968). The so-called "paradox of voting" results from the fact that any reasonable calculation of benefits, probabilities, and costs would lead one to predict that very few people would vote. In fact, a standard line in Public Choice classes is that there is a higher probability that one would be killed in a car wreck on the way to vote than there is that one will influence the outcome of an election.

Thus considerable research has been expended on analyzing and understanding the vote motive and also in developing alternative explanations. In fact, the Duncan Black prize for the best article in the journal *Public Choice* in 1998 went to Geoffrey Brennan and Alan Hamlin for their article "Expressive Voting and Electoral Equilibrium." This article offers a well constructed alternative to the mainstream instrumental account of voting, under which voters don't vote, or vote on the basis of perceived economic benefits and, when voting, choose the electoral outcome they expect to leave them best off. They develop another explanation which sees voting as an expressive action more like cheering for an athletic team than purchasing an asset portfolio.

Another important development in voting theory has been the use of the median voter model as a method for aggregating individual voter demands into a community's demand for publicly provided goods or services. There is also a stronger version of the median voter model that argues that the community's voting behavior and the resulting equilibrium reflects the outcomes that are most preferred by the median voter (Holcombe 1989).

Other voting research has dealt with the problem of preference expression through majoritarian decision-making where each person's vote counts equally. Vote-trading or logrolling has been analyzed as a way of better reflecting voter preferences, although logrolling can also lead to inefficient outcomes. A demand-revealing process for voting has also been researched under which voters would be asked to express their values for different outcomes and then would be taxed in a way such that Pareto efficient results obtain.²

Another alternative to majoritarian decision-making

that overcomes some of the difficulty of satisfying citizen preferences in a collective is through voting-with-the-feet. First developed by Charles Tiebout (1956), voting-with-the-feet achieves Pareto optimality by grouping individuals together in polities of homogeneous tastes. Numerous conditions need to be satisfied before the Tiebout model works perfectly, but there is considerable empirical evidence that grouping on the basis of taste does occur and does relieve at least part of the collective action problem of differences in preference intensities.

Theories of Bureaucracy

Bureaucracy has been one of the favorite topics of Public Choice scholars, with Tullock (1965), Downs (1967), and Niskanen (1971) as early contributors. The general theme has been the inefficiency of bureaucracies because of the principal-agent problems inherent in bureaucratic structures and the inability to constrain bureaucracies to the appropriate size because of agenda control on the part of government managers. If a bureaucracy can offer an all or nothing choice with respect to its services, it can grow to the point where most of the consumer surplus from those services can be extracted.

Rent-Seeking

One of the most important contributions of Public Choice to general economic theory is the concept of rent-seeking. The term refers to efforts to capture monopoly or contrived rents through attempts to influence government. Rent-seeking involves the use of real resources to capture a pure transfer, and thus is efficiency reducing. Gordon Tullock (1967) developed the rent-seeking insight in his "The Welfare Costs of Tariffs, Monopolies, and Theft" and followed it in 1971 with "The Cost of Transfers." However, the term rent-seeking was first used by Anne Krueger in 1974 in her article, "The Political Economy of the Rent-Seeking Society." From that point the rent-seeking literature has grown at an enormous rate and at times seems to almost dominate any other single Public Choice insight. Fred McChesney (1987, 1997) expanded the concept of rent-seeking by modeling politicians as active forces in the political process as well. Under his model, rents can be extracted from the private sector by threatening regulation or taxes. Thus, the absence of regulation does not necessarily indicate that there has been no resource waste through the rent-seeking process.

Ideology and the Efficiency of Government

Generally, Public Choice research has focused on the reasons for government inefficiencies and Public Choice scholars have been to the right side of the political spectrum. There are three basic reasons why Public Choice leads to the

conclusion of inefficient government (Gwartney and Stroup, 1995). These three are the rational ignorance effect, the special interest effect, and the short-sightedness effect.

The rational ignorance effect suggests that voters will have little incentive to seek information in order to cast an informed vote because their individual votes are unlikely to be decisive. Thus the political process will depend upon voter input that is poorly informed. The special interest effect argues that the political process will favor issues that concentrate benefits upon small groups of people but also spread costs across many other voters. This principle, combined with the rational ignorance effect, means that the political process will not necessarily lead to efficient results because programs with concentrated benefits will generate considerable support even if the costs outweigh the benefits.

One of the most important contributions of Public Choice to general economic theory is the concept of rent-seeking.

Finally, Public Choice analysis suggests that public sector action will be biased in favor of proposals that yield clearly defined current benefits in exchange for hard-to-identify future costs, even if the discounted present value of the cost is greater than the present value of the benefits. These three principles, in combination with other theories of difficulties of expressing preferences through votes and principle-agent problems in bureaucracies, have led many Public Choice scholars to favor market solutions rather than government action.

This is not universally true however, as Mancur Olson retained his faith in strong government throughout his career and Anthony Downs argued that government had an important role in redistributing income. In fact, in 1960, he wrote an article entitled “Why the Government Budget is too Small in a Democracy.”

Other important modifications to the argument that government is always inefficient came from Becker in 1983 and Wittman in 1989. Becker argued that competition among pressure groups will force government to minimize the inefficiencies inherent in subsidies and transfers. Policies that impose large dead-weight costs upon society are less likely to be chosen than those that minimize dead-weight costs. Wittman made an even stronger argument in his article, “Why Democracies Produce Efficient Results.” He posited that political markets approach economic markets in their efficiency because political parties, candidate reputation, and government structure evolve to mitigate principle-agent problems.

Constitutional Political Economy

Buchanan and Tullock’s *Calculus of Consent* was the beginning of a field of research known as constitutional

political economy. Much of Buchanan’s subsequent work was in this vein and in 1990 a journal *Constitutional Political Economy* was started. In the words of Buchanan (1990), “Constitutional political economy is a research program that directs inquiry to the working properties of rules, and institutions within which individuals interact and the processes through which these rules and institutions are chosen or come into being. The emphasis on the choice of constraints distinguishes this research program from conventional economics.”

Christian Approaches to Public Choice

I am not aware of many attempts to do Public Choice analysis from an explicitly Christian perspective, but two deserve mention.³ Geoffrey Brennan, a Christian and a leading Public Choice scholar, has written a summary of Public Choice and its relationship to a Christian worldview for the journal *Transformation* (Brennan 1992). Brennan presents Public Choice as essentially an exercise in positive science and useful in evaluating alternative institutional arrangements, in particular markets and government. He argues that one’s Christian faith will only enter the discussion at the point of choosing the evaluative criteria and even there it is not clear how relevant Christianity will be.

Whether government intervention will be warranted in a particular case will depend on judgements of fact—how extensive the degree of market failure is, and whether political processes might reasonably be expected to do better will remain complex and controversial questions. They do not seem to be questions on which Christians per se would be likely to have distinctive or authoritative answers (Brennan 1992).

Jennifer Roback Morse, another leading Public Choice scholar, has written several articles that draw upon her Christian faith and the Public Choice paradigm. “The Modern State as an Occasion of Sin: A Public Choice Analysis of the Welfare State,” (Morse 1997a), is the most significant and in it she argues that using the state for redistributive activities corrupts the motives of the donors.⁴ Her analysis, while drawing upon many of the Public Choice tools, uses an explicitly biblical criteria to evaluate public policy.

A Christian Critique

How Christian is Public Choice? Does it operate upon a set of assumptions that are antithetical to a Christian worldview? Before turning to the more problematic aspects of Public Choice it is worth noting that in one respect its assumptions comport with one important Christian doctrine, that of original sin. The more traditional perspective of government draws a distinction between human motivation in the private and public sector, arguing that self-interested behavior in markets can be offset by altruistic

concern for the public good in government. In contrast, Public Choice assumes the same motivation in both spheres and argues that it is information and incentive differences under alternative institutional arrangements that produces different results. Thus the benevolent planner model for achieving socially desirable results is seen as deficient because it makes little allowance for self-interested behavior on the part of the planner. In essence Public Choice assumes that human fallibility affects all human endeavors, a secular version of the doctrine of original sin.

However, the assumption of self-interest in all human behavior also raises problems. How appropriate is it to attempt to explain all human behavior by a utility maximization model that usually measures utility under a fairly narrow conception, most often income or wealth? Of course this issue has been raised many times with regard to the standard neoclassical economic model,⁵ but it seems particularly apropos with respect to Public Choice research, since this research attempts to extend the economic model to non-traditional realms. The basic issue is captured well by one of the founding fathers of Public Choice, James Buchanan: "To the economist who looks at persons in this way, there seems little room for moral or ethical precepts in either positive or normative exercises" (1987). The elimination of moral concepts from the analysis has several important implications.

Civic Virtue and the Study of Public Choice

Public Choice analysis claims to take preferences as given and to use the rational choice model of utility maximization to understand human behavior. However, an important question arises: does the assumption that human behavior can be best understood by thinking about it in self-interest terms actually change people's beliefs? This is an important issue for the Christian since our theology implies that the self-interest model is too narrow a perspective on human nature. It is true that we do have a fallen nature but it is also the case that we can overcome our self-interest and act in altruistic ways.

Robert Nelson (1998), in discussing the conflict between the Christian perspective of human nature and the rational choice model, says:

As it happens, there is much truth in the Public Choice characterization of the workings of government... However, to portray government in this light is not independent of the outcome. The choice of analytical framework itself conveys a value system with respect to the objects being studied.

To say that government is intrinsically a matter of many civil servants, politicians, interest groups, and others pursuing economic incentives is to weaken the prospects for government in the service of the public good.

In short, the Public Choice School—even if it provides an accurate analysis of many details of government, as I believe is the case—is hardly value-neutral. The values it promotes may be in conflict with Christian teachings of community service.

Steven Kelman raises the same issue in a 1987 article in *The Public Interest*, although in a more general sense rather than in the context of a Christian perspective on human motivations. Kelman argues that the science of Public Choice is destructive to the social good because it creates a cynicism about the political process and becomes a self-fulfilling philosophy. He suggests that

Crucial to any ability to maintain public spirit is the continuing existence of a social norm that declares it appropriate for people to try to do the right thing in public behavior and inappropriate for them simply to seek to advance their personal interests.

Norms are crucial. They can also be fragile. Cynical descriptive conclusions about behavior and government threaten to undermine the norm prescribing public spirit.

The Kelman criticism comes from one outside of the Public Choice fold. It is interesting that a similar argument has been made by a leading Public Choice scholar. Charles Rowley has argued that

Powerful though the insights of this burgeoning literature undoubtedly are, they are driven by the most pessimistic vision of mankind. So pervasive is the emphasis in this literature on the utility and wealth destruction imposed by self-seeking agents, that few scholars of public choice escape completely untainted by cynicism, if not despair....

Worse still, the cynicism encouraged by this mounting evidence of self-mutilation undoubtedly has imposed generalized Heisenberg principle costs upon society, as political agents eagerly ape the behavior ascribed to them by scholarship (1987).

Geoffrey Brennan and James Buchanan responded to the Kelman criticism with an article of their own in the *Virginia Law Review* in 1988. In that article, they say:

Although we do not believe that narrow self-interest is the *sole* motive of political agents, or that it is necessarily as relevant a motive in political as in market settings, we certainly believe it to be a significant motive.

They do agree that Public Choice can be immoral to the extent that it destroys the public spirit, but that it also would be immoral to base analysis upon the false assumption that all political behavior is motivated by a concern for the public interest. Brennan and Buchanan also argue that their constitutional perspective means that Public Choice gives

some hope for public spirited action through constitutional reform. This theme is somewhat similar to Buchanan's remarks in 1986, when, after receiving his Nobel Prize, he argued that

those of us who have helped generate the widespread notion that self-interest is an important political motivation, would be extremely irresponsible if we acquiesce in the inference that reform and construction are not possible...

We need not jump back into the delusion that political agents are benevolent in order to think seriously about reform. We must, I think, hold onto the faith that modern individuals can change the course of their own history, and in ways that are not predetermined by their economic interest, whether in the models of public choice or Marxism. To change history in the direction of a society that combines liberty of person, prosperity and order, modern men and women must be considered able to take a more comprehensive view than that measured strictly by their net wealth... It is time to again dream attainable dreams, and to recover the faith that dreams can become realities (1986).

Thus, it is interesting that at least some of the leading lights of the Public Choice school recognize the limits of the self-interest assumption and also believe that people can and should be called to act outside of their self-interest. Nevertheless, the question still remains whether the general operation of the Public Choice paradigm perverts people's perceptions of their moral obligations. Recent empirical work supports the argument that people's preferences are not independent of the model used to analyze those preferences.

Frank, Gilovich, and Regan (1993, 1996) summarize various studies that indicate that the study of economics inhibits cooperative behavior. Although these studies do not deal specifically with Public Choice, it is the influence of the self-interest model of economics that is being investigated. This research indicates that as people use the self-interest model to explain behavior they become more self-interested themselves.

For the most part, the above studies report the results of classroom experiments performed with economics and non-economics students. Other recent work that moves beyond the classroom situation both supports and disputes these findings. An article in the journal *Public Choice* by Blais and Young (1999) finds similar results to the classroom experiments when it examines actual election voting. They conducted an experiment during the 1993 Canadian federal election campaign. Students listened to a ten-minute presentation that explained why voting was irrational on the basis of cost-benefit calculations. Students who were exposed to the lecture had a seven percentage point lower

turnout in the election than did those who were not exposed. Blais and Young conclude that the presentation diminished the sense of duty on the part of these students.

However, another recent article in *Public Choice* (Laband and Beil 1999) finds that economists are less likely to cheat on their association dues than political scientists and sociologists. They argue that the classroom experiments are flawed and that the use of the self-interest model does not reduce cooperative behavior.

The issue of the influence of the self-interest assumption on behavior is an important one and is not resolved by the research on the topic. Despite the acknowledgment by several in the Public Choice school that there is a danger of cynicism and that one should not see self-interest as explaining all behavior, the use of the Public Choice model may well reduce cooperative behavior. Moral appeals and ethical commitments could be put at risk by the use of a paradigm that concentrates upon other behavioral determinants.

The Incompleteness of the Self-Interest Model

In the above discussion it was argued that the use of the self-interest model might actually change human behavior in undesirable ways. There is a more general question, namely how accurate is the rational choice explanation of human behavior? This question deals not so much with the influence on behavior of using the model but rather focuses on its accuracy in describing human motivations. Again, the Public Choice scholar Charles Rowley (1987) raises the important issue.

How essential is it to collapse utility maximization into the narrow perspective of expected wealth maximization? The latter emphasis is clearly viewed with distaste by many scholars. That is not a relevant criticism. I wonder, however, whether a greater explanatory power might be achieved by expanding the objective function. Of course, expected wealth is relevant, as the regression results usually indicate; but the regression equations do not always perform so well as to rule out additional assumptions about human motivation.

It is important that public choice should not overstep the limits of good science. The *homo oeconomicus* assumption may perform well. That does not imply its universality in the political process. Public choice analysis should beware of swallowing as fact motivations that are employed to generate predictions.

Thus, again, there is a recognition from within the field that self-interest is not the only motivating force in human behavior, especially when that self-interest is defined very narrowly as wealth maximization. As quoted above, Brennan and Buchanan share this perspective on the *homo*

oeconomicus assumption. However, if one peruses Public Choice research, most of the attention is given to fairly narrow self-interest explanations of political behavior. Sometimes attempts are made to measure ideology through the use of membership in religious denominations or clubs, but that is usually a secondary concern. And, even when such measures are introduced, they become components of the standard utility maximization model.

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Thus a significant criticism of Public Choice analysis is that it ignores ethical or religious motivations in political behavior. Perhaps of even more interest and concern to the Christian is the use of Public Choice methodology to analyze religious institutions. For instance, Ekelund *et al.*'s 1996 book, *Sacred Trust: The Medieval Church as an Economic Firm*,⁶ argues that much of the activity of the medieval Roman Catholic Church is explained by standard economic reasoning. The Pope and the priesthood are modeled as self-interest maximizers who create an early model of the modern, multidivisional firm. They engage in monopoly pricing, erect barriers to entry, and attempt to secure monopoly profits in order to secure their own well-being. The authors claim no animus towards the Church, but simply assert that they want to "push the private-interest paradigm as far as we can in an attempt to devise meaningful insights into Church behavior" (viii). Public Choice research on Protestant denominations uses the same self-interest model to explain observed behavior (Lipford 1995, 1996; Zaleski and Zech 1996).⁷

Such explanations of religious behavior do have some power; that is, even in religious institutions individuals are not completely motivated by non-self-interest. But the larger question still remains; do such descriptions of human behavior give a biased perspective of the world? Do they denigrate and make less likely ethical commitments? Does seeing all human motivation through the lens of wealth and/or utility maximization yield an accurate and useful understanding of the human condition?

One of the most interesting articulations of a more fully nuanced understanding of human behavior has been made by Jennifer Roback Morse. Morse, well published in the field of Public Choice, describes herself as a practicing atheist⁸ in the first part of her career, but the experience of child rearing led her to a more serious consideration of spiritual values and she was drawn back to the faith of her pre-professional life. Since then she has undertaken a serious re-examination of the conceptions of Public Choice and has written rather eloquently about the relevance of a

Christian world view and the limitations of the *homo oeconomicus* assumption (1997b). She has argued that a more accurate operating assumption is that people have both appetites and longings in their utility functions. She describes longings (such things as truth, goodness, and love) as ultimate goods for which the assumption that more is better holds. In contrast, more is not always better for the appetites. They yield consumption benefits, but are best viewed as inputs in the production of longings. Thus Morse moves beyond the usual assumption that no differentiation can be made among ends and explicitly ranks these ends according to their moral worth. Her modification of the traditional utility maximization model seems to fit much better the Christian perception of human nature than the standard economic paradigm and also lends useful insights into how humans actually behave.

The Problem of Moral Relativism

Public Choice is based upon a thorough-going methodological individualism. Individuals are the unit of analysis and the measure of success of any set of institutions is the degree to which they allow individual preferences to be satisfied. These preferences are seen as well formed and stable and choices change only as relative prices shift or constraints are altered.

These assumptions have served Public Choice research well in terms of generating testable propositions and in providing a common basis for analysis.⁹ By not debating the validity of the preference set, much of the disputation that usually goes with public policy discussions is avoided. However, over time this approach lends support to the perspective that all moral judgments are of equal worth and that it is inappropriate for individuals to exercise any value judgments about preferences.

Although not an explicit part of the Public Choice model, tolerance for any and all moral positions and an unwillingness to enter into any moral judgments seems to be a natural outgrowth of this approach. But God clearly holds us accountable for the moral content of our choices, and it is also clear that humans are not indifferent to the ethical dimension of life. And, it is also clear that different choices have substantial impact on the well-being of a society. Thus, one of the results of the Public Choice approach to human behavior is inimical to a well ordered society and is at odds with a Christian understanding of the world.

Conclusion

Public Choice is a sub-field in economics that has developed an important and helpful perspective on non-market behavior. It has countered the rather romantic notion that people behaving in the political arena have entirely different motivations than those in the market place. Thus

it has yielded useful predictions of behavior in many aspects of collective action and has also been helpful in reforming government programs. However, there are several problems in the use of the Public Choice model, not the least of which is the danger that it may actually decrease civic virtue and the ability of people to look beyond their self interest. The *homo oeconomicus* assumption, while a partial description of human behavior, can lead to serious misunderstandings of who we are and what we are about as human beings.

Can Christian economists do Public Choice? Since I do believe that self-interest is a powerful force in human behavior, I need to be cautious about giving an answer, since much of my research has been in this field and my response could simply be self-serving rationalization of my choices. Nevertheless, my response is a cautious “yes.” I find the Public Choice approach to be useful and insightful. To assume that self-interest does not play a role in non-market behavior is as unrealistic as assuming that self-interest explains all behavior.

Christians should not be surprised that a secular science has discovered certain orderings, or cause and effect relationships in the world. If the world is ordered by God, and if all facts are preinterpreted by Him (Vickers 1999), there are no such things as facts that are independent of Him and one can accurately say that Christ is relevant to everything.¹⁰ But God has allowed human freedom and fallen humans who are unregenerate can still operate in the world God has created. They can, and indeed they must, discern the patterns of God’s ordering, in particular the cause and effect relationships created by Him. If that weren’t the case, only Christians, who believe all facts and order flow from God, could survive in this world. As a part of human freedom, individuals can deny that God ordered the universe and yet still discover part of that ordering. Public Choice can be seen as a part of that discovery process. It operates with only a partial understanding of God’s order, but that does not necessarily mean that its insights are wrong or unhelpful.

But the Christian scholar should be cautious about the use of a model that is descriptively inaccurate in its assumption about human behavior. And Christian scholars should be the first to acknowledge that other motivations and commitments are an important part of human life. We must also avoid the cynicism and moral relativism that can easily creep into our own lives when we rely heavily upon the rational choice paradigm.

From my perspective, Christians can and should be involved in both teaching Public Choice and doing research in the field. They need to do so prayerfully and carefully, fully cognizant of the both the power and limits of this approach to understanding non-market behavior. But Public Choice will surely be improved by the involvement of scholars who understand people in all of the aspects of their

humanity. We are finite and fallen but there is also the possibility of partial amelioration of the effects of sin through the cultivation of virtue and through institutional reform. And finally, we can experience complete redemption through the transforming power of God. One who is informed about these realities of life should be able to use the tools of Public Choice well and with appropriate vigor.

Endnotes

- 1 Some analysts see Arrow as more of a transitional figure between the social choice literature and the Public Choice framework than as exclusively in the social choice category.
- 2 For a discussion of the demand-revealing literature, see Stevens (1993).
- 3 My argument that there is a limited amount of explicitly Christian Public Choice research does not mean there is also a limited literature that analyzes government from a Christian perspective. That literature is vast and goes back at least as far as St. Augustine. For a recent summary of the modern parameters of the debate see Cromartie (1996).
- 4 This article is based upon a talk given at the ACE session of the 1995 ASSA meetings and an earlier version of this paper was published in the Fall 1995 issue of the *ACE Bulletin*.
- 5 There is a substantial literature by Christian scholars critiquing the standard assumptions of neoclassical economics. Perusing earlier issues of the *ACE Bulletin* will lead the interested reader to much of this literature. For instance, the Spring 1999 issue contains three articles (Barrett, McKee, Vickers) that treat the issue in considerable depth. Although these articles are focused on the wider field of economics, their criticism of the rational choice assumptions of the discipline apply to the sub-field of Public Choice. Nelson (1998) is one of the few commentators on the methodological assumptions of economics who explicitly discusses Public Choice. He sees that sub-speciality as a prime example of the continual extension of the economic model (what he calls the “Chicago project”) to new areas in human behavior. Nelson believes that Christian scholars ought to have “stopping points” in their use of rational choice and that Public Choice is strong evidence that there are few if any “stopping points” in the economics discipline.
- 6 The authors, Robert B. Ekelund, Robert F. Hébert, Robert D. Tollison, Gary M. Anderson, and Audrey B. Davidson, are generally associated with the Public Choice school.
- 7 It is unclear where one draws the line between Public Choice research and other applications of the rational choice model to non-market behavior. I have cited several articles on religion that appear in the journal *Public Choice*. However, there is a much larger litera-

ture than cited here that uses the rational choice approach to analyze religious behavior. For someone interested in pursuing research on the topic the obvious place to start is with the work of Laurence Iannaccone (1992, 1995a, 1995b, 1998).

- 8 I use the term “practicing atheist” since Morse says “I could never really call myself an atheist. I didn’t have the courage to claim that God did not exist. It is fair to say that I acted as if He didn’t!”
- 9 However, even at this level the claim that Public Choice is value free in its concern with means rather than ends is false. The standard argument is that economics in general, and Public Choice in particular, only sheds light on the efficiency of the means chosen to achieve a set of ends. In so doing it supposedly imputes no values to its efficiency calculations. But value judgements are involved at numerous stages in these calculations. For instance, the simple act of deciding what count as costs in measures of efficiency cannot be done without imputing a set of normative judgements.
- 10 Vickers makes this claim (one that I agree with) in response to the statement that “whether Christ ascended to heaven is irrelevant to whether this fair coin will come down heads or tails.”

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