

Rethinking Public Choice

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reviewed by Brendan Kennelly¹

Rethinking Public Choice is the third book in a series of books under the rubric “Rethinking Economics” published by Edward Elgar. According to the publisher’s web site, the series is a forum for innovative scholarly writing from across all substantive fields of economics. The series aims to enrich the study of the discipline by promoting a cutting-edge approach to economic thought and analysis. As somebody^{avén} who studied public choice many years ago with, among others, Dennis Mueller and Mancur Olson, I read the book hoping for intellectual stimulation and new insights on how the public choice field should develop.

The book begins with a short preface which outlines the objective of the book. Professor Wagner states that he wants to widen the analytical purvey to which public choice pertains. Wagner uses the term ‘additive political economy’ to refer to what most people would think of if asked to define public choice, namely that it is the application of economic concepts to political behaviour. His book argues that an alternative or complementary approach should also be considered. This approach he terms ‘entangled political economy’. Throughout my reading of the book I struggled to find a succinct statement informing the reader what exactly entangled political economy refers to. For example, a web site that Wagner refers to a couple of times (<https://www.entangledpoliticaleconomy.org/about-entangled-political-economy>) states that “Entangled political economy is a research framework developed by Richard E. Wagner to advance the understanding of social coordination and to restore economics as a study of society (as opposed to a study of markets). It views individuals, and the private and public sectors, as being intertwined in overlapping exchange relationships along competitive and collaborative dimensions.” I wish the book under review had begun with a clear statement like this one.

The book consists of twelve chapters. They are generally short, eight for example contain between eleven and thirteen pages. Unfortunately, the book does not contain

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an introduction which might have explained the contribution of each chapter in developing the overall thesis of the book. Each chapter has an introductory section but only rarely does this section inform the reader what the goal of the chapter is and how the argument of the chapter will be developed in successive sections. The reader is left to wonder what the purpose of each chapter and each section within a chapter is.

The title of the first chapter – Public choice as the economics of politics: its post-war origin - suggests that the reader could anticipate a history-of-thought-type review of how public choice, or at least the version that Wagner calls additive political economy, developed. That is how the chapter begins. But after three pages, the chapter takes a somewhat strange turn and becomes a rather idiosyncratic collection of short sections that could collectively be called ‘things that Richard Wagner thinks about’. The sections on issues such as Two Objects for Economic Inquiry, Property Rights in Relation to Economizing Action, and Economic Science between Hume and Pareto are often interesting but their relationship to the stated objective of the book is often tenuous. Unfortunately, a problem that recurs throughout the book – poor editing – is already apparent in the first chapter. On page 11, Wagner states that Pareto began his working life as an engineer. He repeats the point on the following page. Just in case we have forgotten the point, Wagner repeats it in Chapter 12 on page 132. The last section in Chapter 1 – Additive vs. Entangled Political Economy – did not provide a satisfactory definition of Entangled Political Economy. When reading the book for the first time I felt that this might have been an opportunity missed and so it proved.

Chapters 2 and 3 should be read together because they cover similar ground which could broadly be described as methodology. It is a great pity that no editor read these chapters together because he or she would have noted that there are several sentences and in some cases whole paragraphs repeated in Chapter 3 having already appeared in Chapter 2. I counted six examples of this. Chapter 2 refers to various writings by people such as Frank Knight, Vincent Ostrom and Warren Weaver all of which could be said to have in some way provided part of the methodological framework that distinguishes Entangled Political Economy from Additive Political Economy.

Chapter 3 is entitled Thinking with models: an inescapable conundrum. After a relevant opening section, the author digresses to a section headed ‘Where lies equality within theories of exchange and human association?’ This section contains an interpretation of the Edgeworth-Box analysis of trade that I doubt many readers would accept. Wagner claims that “it is common to treat exchange as an activity that occurs between equally situated persons” (p. 29) and that “the Edgeworth model has been widely interpreted as showing primitive exchange among equals that goes awry in the direction of inequality through growing social organization” (p. 31). The words ‘common’ and ‘widely’ are doing a lot of work in these sentences, work that I do not think is warranted. The chapter continues in this vein with several odd observations thrown in. On page 32 for example, people are described as descending or springing

from a mother's womb *three* times in a single paragraph. A good editor, even an average one, might have advised against using the word 'surely' four times in the same paragraph. Later, on page 37, a sentence most of which is identical to a sentence that appeared on page 21 ends with the words 'giving substantive referents'. These three words are then repeated leaving me to wonder if anybody checked the proofs of this manuscript before it went to print.

Chapter 4 covers concepts and categories. A paragraph on page 44 outlines some ideas about how societies should be analysed as networks of individuals. But the reader has been told this already – the paragraph on page 44 is identical to what was stated only two pages earlier. Wagner contrasts equilibrium theories and theories of social organization. The former are characterized by optimization, the latter by spontaneous order. Additive political economy is in the first category, entangled political economy in the second. Additive political economy analyses the world on the basis that politics is separate from economics. Page 50: "by contrast [to additive political economy] entangled political economy treats economy and polity as mixed together and separable only as an abstract but not as a practical manner." Is that a reasonable statement about additive political economy? About, for example, Olson's theory of interest groups or the Krueger/Tollison/Tullock theories of rent seeking?

The pattern of including sections that may be interesting in themselves but have at best a tenuous relationship with the subject matter of the book continues. The final section of Chapter 4, *Is Democracy Feudalistic?*, opens with the following sentence: "It is surely reasonable to expect a reader to wonder what I can possibly mean by asking whether democratic governments are feudalistic." An alternative opening might have been to ask if a reader was wondering why the question was being asked at all.

The opening page of Chapter 5, entitled *Simple stipulation vs. complex emergence as modes of inquiry*, includes the following statement on page 59: "Within the Marxist orientation, which seems perhaps dominant among contemporary economists, or at least surely among macro theorists ...". Maybe contemporary macro theorists are very different than when I studied macro thirty years ago. Maybe. The chapter includes some interesting insights into the different approaches taken by James Buchanan and Gordon Tullock. Wagner outlines at some length the differences between political and social organizations. This is one of the better chapters in the book.

I mentioned earlier that the book did not contain an outline of the structure of the book. Likewise, many individual chapters do not include an opening line or two letting the reader know what the chapter will cover. Halfway through my reading of the book I thought of one plausible reason for their absence. The book is not really a book in the sense that there is some logical structure to the argument and to how the various chapters contribute to the development of that argument. Instead, the book is best regarded as a series of short essays. For example, Chapter 6, entitled *Parasitical tectonics within entangled systems of political economy*, contains an opening section

and six entitled sections. The opening section and the next two sections have some logical coherence but the remaining sections could have been in many of the preceding or following chapters. This haphazard structure explains the recurring issue of repetition in the book. Any writer who combines around seventy separate essays into a single book would need to be very lucky to avoid repetition especially if they do not have a good editor. The final section of Chapter 6, for example, contains material that is already included in the opening section of the same chapter. The chapter contains an interesting section on Maffeo Pantaleoni's work and some useful remarks on the differences between market and political exchange.

The first entitled section of chapter 7, The peculiar language of the public policy shell game, does indeed address the question of whether it is useful and reasonable to analyse public policy as a shell game (by which Wagner means that public policy phenomena are misnamed in order to hoodwink people into thinking that they are something that they are not.) There is more coherence in this chapter than the preceding ones. Some of the material is rather bizarre. Take the following passage from pages 92 and 93:

“Systems thinking differs significantly from standard economic thinking. Within standard economic thinking, system properties are treated as objects directly subject to someone's choice. For instance, whether a minimum wage will be established at \$15 an hour is a choice that someone can make or not. Within a systems orientation, by contrast, a minimum wage is an output of some legislative system, and an output from a system is categorically different from someone's choice. Orthodox economics treats an economic system as a field akin to a gravitational field. For instance, water that enters a lake at one point will be quickly distributed throughout the lake to maintain the height of water at the same level throughout the lake.”

I know it is cumbersome to include references to every argument made in any book but I wish Professor Wagner had told us who in standard economics has regarded the issue of setting the minimum wage as a choice that someone can make. I don't think he could have given a reference because I have never heard of anybody saying that. As for the statement in the passage about water entering a lake I have no idea what that was meant to convey.

Chapter 8, The multiple faces of federal government, is the best chapter yet as regards coherence. Wagner maintains the focus on federalism throughout. The chapter contains an interesting discussion about the possible relationship between federal structures of government and citizens' liberty. The issue of whether federal systems can or should be analysed as promoting competition as economists analyse competition in markets is explored. I enjoyed the following line on page 108: *“One of life's man ironies is that the concept of competition as developed by economists over two or so centuries has managed to abolish any semblance of competition.”*

The pattern of chapters being more focused continues with Chapter 9 entitled Bureaucracy and the economic organization of political enterprise. It helps that the second sentence in this chapter states what the chapter will do: “This chapter explores some of those differences [between political and commercial enterprises] and examines their possible consequences” (p. 114). A couple of statements in this chapter left me wondering if the book is better regarded as ‘rethinking economics’ instead of “rethinking public choice”. On page 118, he refers to his “desire to treat economics as a social science and not a science of rational choice.” On page 123, he writes that “An economy is necessarily and unavoidably an ecology of plans. More than anything in this book, I am seeking to develop schemes and modes of thought that illustrate the operation of such concepts as emergence and invisible hands.”

The section, Cities, capitalization and ownership, invites readers to think about cities as municipal corporations with an ownership structure that could in principle be similar to the ownership structure of commercial enterprises. He describes taxes as “parasitical attachments to market transactions” (p. 123). There is no room for notions of citizenship or solidarity in this analysis, at least none that might find expression outside of possible private actions. The chapter ends with a comparison of two approaches to the study of bureaucracy: Niskanen’s theory which Wagner describes as featuring an outside-in perspective and Turlock’s theory which he says features an ‘inside-out’ perspective.

Chapter 10 is entitled What do central banks do within an entangled system of political economy? Unfortunately, the emerging pattern of more coherence within chapters does not last. There is very little about central banking in the chapter. The first named section, Reason, Rationalization and Central Banking, has some interesting observations on reasoning and rationalization but nothing at all about central banking. The section could have appeared in most of the previous chapters. On pages 134/5, he writes that “With respect to market environments, those environments are much more interactionist and conversational than standard economic theory leads an observer to think.” These kinds of observations are interesting. What they are doing in a chapter on central banking is a mystery. When I finished reading the chapter I recalled a line from the beginning of the chapter. It states “What I want to explore in this chapter is perhaps better conveyed with a title like: “Does the human ability to rationalize anything under the banner of rationality promote a socially generated form of deception through the promotion of false or fake forms of discourse?”. That indeed would have been a better and more accurate title.

The opening section of the penultimate chapter, Public choice, redistribution, and the relevance of the “Social Question”, indicates what the rest of the chapter will address. However, once again, the indication is not borne out by the rest of the chapter. The chapter includes, *inter alia*, a section on Thomas Szasz’s book, *The Myth of Mental Illness*, Wagner’s thoughts on the paper by George Stigler and Gary Becker,

De Gustibus not est Disputandum and a section with the intriguing subtitle, Spartacus Revisited. That particular section includes the following claim: “We have placed ourselves at the right hand of God the Creator and treat this position as granting us special dispensation to eat of the fruit of the tree of knowledge, even though we were warned against doing that and were ejected from Eden from having done so.” This claim is presented as part of his argument that public discourse regarding redistribution is in an appalling and atrocious state. I cannot decide whether the claim is based on one of Wagner’s own theological convictions or is it based on his belief that people who believe in God are particularly susceptible to having stupid ideas as regards redistribution.

Chapter 12, the final chapter, begins with an opening section where Wagner does tell the reader what he plans to do in the chapter. He states that he “shall present six brief descriptions of the contributions to constitutional political economy of six significant thinkers”. The brief descriptions of people such as James Buchanan, Gordon Tullock and Knut Wicksell, are somewhat interesting although far too brief to contain many original insights. The bigger question though is what these descriptions are doing in the final chapter of this or indeed any book. The descriptions come across as though Wagner learned that he was a few pages short of a full manuscript and needed to add in a few extra pages at short notice. The absence of an editor is apparent all the way to the end. His description of Tullock contains a paragraph on Buchanan. Why did he not put that in the description of Buchanan on the previous page? The book ends with a description of Walter Eucken. No attempt is made to summarise the main thesis of the book or to indicate possible future developments of same.

Before giving my final assessment on the book I would like to return to the issue of editing. On their web site, Edward Elgar state that “*We will copy edit the text and code the manuscript files for typesetting. .. The copy editing will be undertaken by one of our freelance copy editors, under the desk editor’s guidance; and the complete manuscript will be read through carefully for clarity and consistency and coded for typesetting. The grammar and spelling will be checked and the references cross-checked. Please note that our copy editors are not necessarily experts in the subject area of your book and so, while they can improve grammar, the original meaning needs to be clear.*”

For some reason, there was a breakdown in the editing process for this book. It is striking that Professor Wagner does not thank any editor for helping him with the book. Basic spelling and grammatical errors, overuse of words such as ‘surely’ and phrases such as ‘it is evident’, frequent reference to himself in the third person, and needless repetition of whole sentences, are all issues that should have been resolved before the book was published. Edward Elgar have published 4,716 economics books and has another 111 waiting to be published. After finishing this book, I am left wondering if the publisher has sacrificed quality for the sake of quantity.

Overall, the book was a major disappointment for me. I don't think the author made it sufficiently clear how the various arguments he put forward amounted to a rethinking of public choice. Indeed, as mentioned already, some of the most interesting sections of the book seemed to me to be more relevant to economics in general than to public choice in particular. Wagner has in fact published a second book in the same series with the title *Rethinking Economics as Social Theory*. I will leave it to more dedicated readers to discover how much overlap there is between the two books. After I finished reading the book under review, I found a paper that Wagner published in 2014 entitled *Entangled Political Economy: A Keynote Address*. I recommend that anybody interested in this topic read that paper instead of this book.

References:

Wagner, R.E., 2014, "Entangled Political Economy: A Keynote Address", *Entangled Political Economy (Advances in Austrian Economics, Vol. 18)*, Emerald Group Publishing Limited, Bingley, pp. 15-36.

