Public Choice and Political Equality

Brian Kogelmann

Public choice theory is a branch of economics that analyzes political institutions using the tools and methods of economics. This essay is about what public choice theory can teach us about political equality as a normative ideal, by focusing on the relationship between rent seeking and political inequality. One important lesson public choice theory teaches us is that political inequality is *sometimes* driven by unequal wealth, but is at other times driven by other, more subtle factors. Thus, *even if* we lived in a society where wealth was distributed in a perfectly equal manner, political inequality would still be a significant problem. Beyond teaching us about some of the root causes of political inequality, public choice theorists have also offered novel proposals for how to remedy this problem. Thus, by engaging the literature on public choice, philosophers can gain new insights about how to fight a pervasive problem confronting democratic societies.

Keywords: public choice theory, political equality, rent seeking, democratic theory, constitutional political economy.

Introduction

Public choice theory is a branch of economics that analyzes political institutions using the tools and methods of economics. Before the public choice revolution (starting in the late 1950's with Anthony Downs' *An Economic Theory of Democracy* and Duncan Black's *The Theory of Committees and Elections*), most economists focused their attention on markets while largely ignoring politics. Much economic analysis consisted of identifying market failures – cases where markets fail to deliver optimal distributions of goods – and then proposing ways governments could remedy these failures. There was never much thought as to whether governments *could* or *would* follow the economist's advice. Public choice theory changed the conversation. By carefully applying the economic way of thinking to political institutions, public choice theorists recognized that just as markets fail, so too do governments. Governments might improve the functioning of markets, but they might also make them worse. As such, it is no surprise that libertarians and classical liberals have embraced public choice economics as an ineliminable tool in the analysis of public policy and politics more generally (Boettke and Piano 2019).

This chapter is about what public choice theory can teach us about political inequality.[i] Given that libertarians and classical liberals tend to embrace public choice economics, one might think that public choice has little to say about political inequality, a topic that is typically of concern to those on the political left. This is false. Fundamental to public choice analysis is the idea of *rent seeking*. While public choice theorists are often concerned about the negative economic consequences of rent seeking, rent seeking is also a major driver of political inequality as well, or at least so shall I argue.[ii]

This relationship between rent seeking and political inequality is important, as it offers a fresh perspective on political inequality, one that political philosophers can learn much from. In particular, public choice theory teaches us that rent seeking is *sometimes* driven by inequalities in wealth, but is at other times driven by other, more subtle factors. Thus, *even if* we lived in a society where wealth was distributed in a perfectly equal manner, political inequality would still be a significant problem. Beyond teaching us about some of the root causes of political inequality, public choice theorists have also offered novel proposals for how to remedy this problem. Thus, political philosophers can gain new insights about how to fight a pervasive problem confronting the body politic.

One important point to flag before beginning. This paper engages with much work from the social sciences. Most of the work discussed analyzes the political institutions of the United States of America. There are two reasons for this. First, public choice theory was initially developed in the US, so it is unsurprising that much of the analysis is parochial in this way. Second, I am a citizen of the US, so it is the country I know best. Though the US-centric focus of this paper is, in some sense, limiting, public choice theory itself is by no means a parochial discipline. In fact, a core insight of public choice theory is that it is institutions, not people, that drive outcomes. Examining the diversity of political institutions that scatter the globe is essential, from a public choice perspective, to better understand how government can be improved so we can all live better together.

On Political Equality

The purpose of this chapter is to examine what public choice theory can teach us about some of the sources of and remedies for political inequality. But before beginning this investigation, we need an understanding of what political equality is. Many philosophers embrace political equality as a governing value that democratic societies ought to realize (e.g., Dahl 1989; Brighouse 1996; Christiano 1996; Knight and Johnson 1997; Dworkin 2000; Cohen 2001). Political equality is typically defined as an equal capacity or ability among citizens to influence political decisions. Political inequality, then, occurs when some have a greater capacity to influence political decisions than others.

This is not a good way of understanding what political equality is. The reason why is that not *every* instance of an unequal capacity to influence political decisions is normatively problematic, in the sense that not *every* instance of unequal capacity to influence political decisions runs afoul of our intuitions (Dworkin 2000, 364). For instance, those who have good arguments for their positions have a greater capacity to influence political decisions than those who have poor arguments; not only does this not seem problematic, but it also seems to be justified. Expert pundits, journalist, and political analysts have a greater capacity to influence political decisions than the average citizen who isn't on CNN every night. Once again, this is not terribly concerning.

For this reason, I do not think it is helpful to define political equality in terms of an equal capacity to influence political decisions. Very often, there will be an unequal capacity to influence political decisions. Sometimes this is regrettable, other times it is desirable. Instead of focusing on an equal capacity to influence political decisions, we should define political equality in terms of the *kinds* of influence on political decisions that are normatively acceptable (in that they do not run afoul of our intuitions) and the kinds of influence that are normatively problematic (in that they *do* run afoul of our intuitions). Political equality is achieved when all sources of normatively problematic influence are absent from the democratic process. Political equality is consistent with an unequal capacity to influence political decisions *so long as* all this unequal influence is of the acceptable kind.

This is the approach David Estlund takes when he defines political equality. He defines political equality as 'the insulation of political influence from differential wealth or social rank' (Estlund 2000, 133). Here, Estlund highlights two sorts of unacceptable political influence. First, there is something wrong with Althea having more influence than Bertha if this unequal influence is grounded in Althea's superior wealth. Second, there is something wrong with Althea having more influence than Bertha if this unequal influence is grounded in Althea's superior social status. There is nothing wrong, according to Estlund's definition of political equality, with an unequal capacity to influence political decisions so long as the sources of this unequal influence are not differential wealth or differential social rank.

Estlund's definition is a good start, but it does not go far enough. For there are other examples of unequal political influence that do *not* result from differential wealth or social rank, that *also* strike us as normatively suspect. Consider an example: Cassidy and Dupree share the same representative in the legislature. Cassidy and Dupree have similar jobs, make a similar income, and occupy the same social rank in their society. Cassidy is childless and has a lot of time on her hands; she spends most of that time consuming political news. Dupree has two children and is a single parent; as such, he has no time to keep up with current events, so he is deeply uninformed about politics. Due to this information asymmetry, the representative is more likely to respond to Cassidy's interests than Dupree's. For, if the representative votes against Cassidy's interests, then Cassidy will know this and sanction her at the ballot box. But if the representative votes against Dupree's interests, then Dupree will likely never know and is thus unlikely to ever hold the representative accountable. This will strike many as an unacceptable case of unequal political influence, but one that stems from differences in political knowledge, not differences in wealth or social rank.

Of course, many times differences in political knowledge will arise from differences in wealth or social rank. Someone who works one job is better able to inform herself about politics than someone who must work two. Yet, it would be a mistake to claim that *all* instances of differential political knowledge are the result of differential wealth or social rank. As the case above illustrates, it is possible for there to be differences in political knowledge that result in unequal influence that are not grounded in differential wealth or social rank.

As another example, someone with a college degree might be better able to inform themselves about politics than someone who went to trade school, but the college-educated is not necessarily wealthier or of a higher social status than the tradesman (many of whom make considerable salaries and occupy important positions in their communities). If this differential knowledge translates into unequal influence, then once again we have what seems like a problematic case of unequal influence, but one that is not grounded in differential wealth or social rank.

With these brief remarks, let me now propose a definition of political equality (building on Estlund's) that accounts for the cases I have just run through.

> Political equality is achieved when political decisions are insulated from influence grounded in (*i*) differential wealth, (*ii*) differential social rank, and (*iii*) differential political knowledge.[iii]

Adding clause (*iii*) to Estlund's definition allows us to account for the sorts of cases I just ran through. We now have a working definition of political equality. Our guiding questions now are: What does public choice theory teach us about the causes of political inequality? And, moreover, what does public choice theory teach us about how to eliminate political inequality? Before answering these questions, we need an overview of the public choice approach to economic inquiry, which I offer in the next section.

The Public Choice Paradigm

Public choice theory is most simply defined as application of the tools and methods of economics to the study of politics (Buchanan and Tullock 2004, xxi). By 'tools and methods of economics' I mean the rational choice paradigm that has embedded itself into the very heart of the economics discipline. Hence, public choice theory applies rational choice theory to the study of politics. This is typically done through the use of formal models. The pioneers of the field were John von Neumann and Oskar Morgenstern, Duncan Black, Kenneth J. Arrow, Anthony Downs, James M. Buchanan and Gordon Tullock, William H. Riker, and Mancur Olson (Amadae 2003, 11).[iv] Though public choice theory relies heavily on formal models, there is also much work in the field that seeks to verify these models empirically (e.g., Mueller 2003, Part IV).

Public choice theory applies the rational choice paradigm to the study of politics. At its base, rational choice theory says that all persons have preferences, and, when confronted with options, choose the option most likely to satisfy their preferences. When formalized in a model, there are further refinements made. For instance, rational persons all have preferences possessing a certain structure. Preferences are reflexive (option *a* is always at least as good as itself), complete (either *a* is at least as good as *b* or *b* is at least as good as *a*) and transitive (if *a* is at least as good as *b* and *b* at least as good as *c*, then *a* is at least as good as *c*). Moreover, rational persons are presumed to choose not just an option that satisfies their goals, but rather the option that *best* satisfies their goals.

There is nothing about the rational choice paradigm *as such* that says persons are selfish. They just choose their most choice-worthy option, given their preferences. If one has preferences to help the poor, then choosing one's most choice-worthy option will often involve behaviour many deem altruistic. In order to generate substantive predictions, though, rational choice theorists must give content to persons' preferences. And when they model political actors–such as voters, politicians, bureaucrats–public choice theorists typically assume what many would deem (but are not necessarily) selfish preferences. For instance, Buchanan and Tullock write: 'we must assume that individuals will, on average, choose "more" rather than "less" when confronted with the opportunity for choice in a political process, with "more" and "less" being defined in terms of measurable economic position' (Buchanan and Tullock 2004. 28). In other words, political actors seek wealth.[v]

This has led to the characterization that public choice theory is the study of 'politics without romance' (Buchanan 1999b). Overall, it has led to quite a pessimistic picture of government and politics. As mentioned in the introduction, before the public choice revolution, economists mostly focused on market failures, but after the revolution they began focusing on government failures. As Buchanan writes in a foundational paper, the goal of public choice is to show that 'any attempt to replace or to modify an existing market situation, admitted to be characterized by serious externalities, will produce solutions that embody externalities which are different, but precisely analogous, to those previously existing' (Buchanan 1999a: 63). To put it another way, remedying market failures through the state will often result in government failures, which in some (but not all) cases may be more serious than the market failures they were meant to resolve, in that the externality produced by government failure is larger than the one produced by the initial market failure.

Public choice theory has become a wide-ranging field of scholarly inquiry, examining electoral systems, voting rules, bureaucratic agencies and even non-democratic forms of government. One key aspect of public choice theory is the study of *rent seeking* (e.g., Tollison 1982; Tullock 2005; Lindsey and Teles 2019). Having nothing to do with landlords, the term 'rent' means payment to an owner of a resource over and above that which the resource could command in any alternative use. Those who seek rents are thus seeking extranormal returns on their productive resources. Rent seeking is ubiquitous and all around us. Indeed, firms trying to maximize profits are, technically, seeking rents (Buchanan 1999c, 103).

Though rent-seeking behaviour is ubiquitous, public choice theorists note that it is especially pernicious in politics. This is so for a few reasons. First, it destroys resources (Tullock 2005, 103-121). To acquire rents from the government, one must typically lobby, which is expensive. Many persons or firms will lobby for rents (for instance, an exclusive government contract), but only one firm will get it. Everyone who does *not* acquire the rents has destroyed wealth for no gain. Indeed, rent seeking in politics is akin to an auction where all persons lose their bids regardless of whether their bid is the highest and they win the prize. In these cases, it is clear that the total sum of the bids will often be greater than the prize everyone was initially bidding for.

Beyond this, rent seeking is usually done to create special privileges in the marketplace, which leads to economic inefficiency. Markets work best when firms are constantly challenged by competitors, but firms often seek rents by asking the government to regulate away their competition. Those who braid hair for a living like licensing requirements; it means less competition for them. But, all things equal, the price of hair-braiding services would be reduced and the quality of the service higher if there was open market access and hence greater competition. Olson (1982) saw the economic inefficiency that follows from rent seeking as such a huge problem that he deemed it the major cause of the 'decline' of prosperous nations such as Great Britain and the United States.

Rent seeking is pervasive in democratic societies and causes significant economic harm. But is it a threat to political equality? That depends on the characteristics of those who successfully capture rents. If those who capture rents are the most meritorious, or have the most compelling arguments, then rent seeking is not a threat to political equality. Yet, if successful rent seekers are those with (*i*) differential wealth, (*ii*) differential social rank, or (*iii*) differential political knowledge, then rent seeking *is* a threat to political equality. In the next section I show that (*i*) and (*iii*) largely determine who is able to effectively seek rents.[vi] Hence, rent seeking is a significant threat to political equality. To do this, I outline two central (but not the only) causes of rent seeking highlighted by public choice economists: campaign contributions and interest group monitoring.

Sources of Political Inequality

Campaign Contributions and Legislative Favours.

At the heart of public choice economics is the idea that politics is just another way for persons to engage in exchange with one another (Buchanan 1999b, 50). How does exchange occur in politics? One way is logrolling in a legislature. Politician A might have a bill she likes, which politician B dislikes. Politician B has her own favoured bill, but politician A is not a fan. Here, politician A can vote for B's favoured bill and B can vote for A's favoured bill so both get something they want.[vii]

Logrolling is not the only example of exchange in politics. Exchange can also occur between citizens and politicians. This is largely accomplished through campaign contributions (Munger and Denzau 1986; Hinich and Munger 1989; Buchanan and Tullock 2004, 273; Tullock 2005, 36; Holcombe 2018, ch. 4). More specifically, citizens donating to political campaigns is 'a straightforward *quid pro quo* of money for services: campaign contributions resemble bribes, although provision of services may be perfectly legal' (Morton and Cameron 1992, 88). The idea here is simple. Individuals and firms want rents from the government: tax breaks, favourable regulations, government contracts, and so on. To get these, they make donations to politicians' election or re-election campaigns. In return for the donation, politicians legislate favourably for their patrons.

Some are sceptical that campaign contributions really do effectively buy political influence. In particular, some empirical work suggests that there is little connection between campaign contributions and legislative outcomes (e.g., Ansolabehere *et al.* 2003; Dawood 2015, 340-342). Other empirical work points in the opposite direction (e.g., Stratmann 2005; Gilens 2012, 239; Gilens 2021). However, it is important to note how limited these studies are. They often look at whether donations effect how politicians vote on final bills. Yet, there are subtler ways influence can manifest that are not easily measured. Instead of purchasing votes on final bills, campaign contributions may purchase goods like: making sure that a bill one supports is prioritized on the agenda; making sure that a bill one opposes never reaches the floor for a vote; inserting an amendment or earmark; making sure that a bill one opposes but will inevitably be passed is a bit more palatable and so on.

Assuming that campaign contributions do buy influence, we must now ask: is this a case of normatively problematic political inequality? Recall, the ideal of political equality demands that political influence be insulated from (*i*) differential wealth, (*ii*) differential social rank and (*iii*) differential political knowledge. The ability to buy political influence through campaign contributions is clearly only available to the wealthy. Indeed, it should be no surprise that donations to political campaigns are highly stratified by income bracket (Schlozman *et al.* 2018, 212-214). So, rent seeking via campaign contributions violates political equality. It is a way of exerting unequal political influence that is fundamentally grounded in differential wealth, which is prohibited by our definition of political equality.

Asymmetric Information and Interest Groups.

Contributing to political campaigns is not the only way one can seek rents. Also relevant are *interest groups*. Although interest groups sometimes make contributions to political candidates, but that is not the main way they exert influence. Rather, they engage in pressure campaigns in hopes of influencing legislators to vote a certain way. For instance, if a corn subsidy bill is up for vote, members of an interest group dedicated to corn farmers will call and email their legislators in hopes of pressuring them to support the bill, so they can obtain the subsidy. This is sometimes called grassroots lobbying (Schlozman *et al.* 2012, 404; Schlozman *et al.* 2018, 171-172).[viii] This method of rent seeking is not obviously at odds with the ideal of political equality, so I will walk through it a bit slower.

First, let us look at how interest groups exert influence on politicians through pressure campaigns. Susanne Lohmann (1998) builds an instructive model. To begin, we know that it is costly to acquire political information and, moreover, persons often have an incentive to *not* acquire political information and thus be rationally ignorant (Downs 1957). Interest groups acquire costly political information and then disperse this information for their members to consume. Since members of the interest group are more informed than the public at large on a specific legislative issue, representatives have an incentive to vote on that issue according to the wishes of the interest group, even if doing so is at the expense of the larger public. In short: 'Because special interests are better able to monitor the quality of their political representation, incumbents have electoral incentives to bias policy towards special interests' (Lohmann 1998, 812).

As an example of this, an interest group for corn farmers acquires information about legislation pertaining to corn subsidies, and then provides this information to its members. On legislative issues that involve corn subsidies specifically, the corn farmers will be far better informed compared to members of the general public. When it comes time to vote for corn subsidies, it is no surprise that legislators do the bidding of corn farmers, even when subsidies harm the majority. If the legislator votes against the corn farmers, they are informed enough to hold her accountable at the ballot box; if the legislator votes against the general public, they will probably never know.

This is a violation of political equality. The corn farmers (who are in the minority) exert more influence on this particular issue than the general public (who are in the majority), and this is because the corn farmers are better informed (through their interest group) than the general public. Hence, clause (*iii*) of our definition of political equality is violated. This case could be avoided if the general public also had their own interest group that informed them about the relevant legislation. Then, both sides would be equally informed, so there would be no knowledge differential. Politics does not work out this way in practice, though, and it is worth spending some time to understand why.

Relevant here is Mancur Olson's book *The Logic of Collective Action* (1965). Olson begins by noting that it is a mystery why any interest groups form in the first place. Interest groups attain collective benefits for members of the relevant group. Returning to our example, an interest group for corn farmers seeks and acquires rents for all corn farmers. Since all corn farmers benefit from the interest group's activity, the rational action for any individual corn farmer is *not* join the group, but reap the benefits anyways. Given this logic, it is surprising there are any interest groups at all.

And yet, there *are* interest groups, so something must explain this. Olson argues that some groups form because they are better able to resolve this collective action problem when compared to others. There are several factors that determine whether a group of individuals will be able to successfully resolve this collective action problem. If a group is small, monitoring other members may be possible (Olson 1971, 43), individuals may feel a stronger sense of duty to contribute (Hardin 1982, 40) and the transaction as well as monetary costs associated with group formation will be lower (Olson 1971, 46). The key factor, though, is whether interest groups are able to offer selective benefits for their members (Olson 1971, 133). An interest group for corn farmers can offer selective benefits that, plausibly, all corn farmers want: crop insurance, reduced prices on combine equipment, special weather advisories, discounts at Cabela's and more. To attain these selective benefits, corn farmers must join the group. It is unlikely that an interest group opposed to corn subsidies will be able to do this. The group of persons opposed to corn subsidies is large and heterogeneous. There is not one package of selective benefits all such persons want.

The point here is that there are structural reasons why only *some* interest groups are capable of successfully forming. As such, we will never live in a world where all interests have a corresponding interest group that can monitor the legislative process for them and pass this information along to its members. Some groups – those who can offer selective benefits to their members – will always be more informed on certain issues than others, and thereby exert more influence. This, though, is a violation of political equality. Clause (*iii*) of our definition of political equality says that unequal influence may not stem from differential political knowledge, but interest groups allow for precisely that.

Eliminating Political Inequality

Rent seeking causes great economic harm. The last section showed that it is also a threat to political equality. Those who are able to successfully seek and acquire rents are the wealthy, and those who are more informed due to their capacity to form interest groups. This is fundamentally at odds with what political equality demands. How do we combat such threats? Public choice theorists have many answers, and in this section I survey some of them.

Public choice theory is first and foremost a methodological approach used in social science. It formulates predictions about, and offers explanations for, what we observe in the world around us. There is also a normative component to public choice – sometimes called *constitutional political economy* – that analyzes the sorts of rules we can implement to achieve better outcomes (Buchanan 1999d).[ix] Instead of offering normative imperatives for individuals to follow – 'don't seek rents!' – the public choice theorist maintains her pessimistic view of human nature and asks: what rules can we implement to achieve better outcomes? The normative component of public choice theory thus focuses on reforming the rules, not the players. In this sense, public choice theorists take seriously Rousseau's dictum that we take 'men as they are and laws as they might be' (Rousseau 1987, 17).[x] The paper by Elliot Bulmer and Stuart White (2023) in this volume is, I believe, a contribution to the field of constitutional political economy.

So, what institutional changes can be implemented to eliminate rent seeking and thus secure greater political equality? One of the most frequent proposals – and this is in line with the tight connection between public choice theory and libertarianism and classical liberalism that I noted in the paper's introduction – is to reduce the scope of government. Buchanan writes: 'So long as governmental action is restricted largely, if not entirely, to protecting individual rights, personal and property, and enforcing voluntarily negotiated private contracts, the market process dominates economic behaviour and ensures that any economic rents that appear will be dissipated by the forces of competitive entry' (Buchanan 1999c: 108).

The idea here is simple. Rent seekers compete for rents doled out by the government. Utility companies fight for government contracts, and firms fight for regulations that will be favourable to them. Thus, to eliminate rent seeking, we can eliminate government involvement in these sorts of activities. There might be a ban on the state contracting with private companies, and there might be a ban on state regulation of markets. This proposal eliminates rent seeking not by constraining the rent *seekers*, but by eliminating the *rents* themselves. Most will reject this proposal, as they believe government should play a large and extensive role in society. There are other proposals in the literature, however, that don't try to eliminate the rents themselves, but rather try to disincentivize persons from seeking rents.

One proposal is to force any rents acquired through rent seeking to be shared amongst all those in the relevant community, not just those who seek the rents. Buchanan proposes something along these lines when he writes: '…if government decides to restrict the production or sale of a commodity, thereby creating the opportunity for economic rents, each person in the community must be granted an *equal* share in the prospective rents' (Buchanan 1999c, 111). Let's consider an example of this. Suppose a firm makes x profits a year. They want to implement a regulation that will reduce competition. As a result of eliminating competition, they now make $x + k$ in profits a year. The proposal here is that the firm does not get sole ownership of k. Instead, k is taxed and distributed equally among everyone in the relevant community. This should disincentivize persons and firms from seeking rents: 'If this sharing is announced in advance and becomes generally known, it will not be rational for anyone to invest resources in trying to secure differential advantages' (Buchanan 1999c, 111).

This proposal is an enticing one, but hard to implement. The big issue is that the value of k is never clear. According to the proposal, the firm gets to keep its normal profits (value x) but must redistribute profits from rent seeking (value k). However, disentangling x and k is no easy task. One cannot simply say: the firm made x the year before the regulation and $x + m$ in the year after, therefore $m = k$. This is because we do not know what the firm would have made the year after the regulation were the regulation never implemented, as there are many considerations that could have influenced the firm's profits besides the introduction of a new regulation.

Another proposal is to hand out rents randomly. Buchanan writes: 'A more plausible means of assigning "rights" to [rents] would be for government to distribute such "rights" randomly in each situation. In this setting, all persons have equal expected values of rights, and they have little or no incentive to engage in rent seeking' (Buchanan 1999c, 111-112).[xi] Consider an example of how this might work. Several firms are interested in acquiring a government contract to provide a public utility. Such a prize invites rent seeking. One way to combat this is to just give out the contract randomly. Of all the firms able to provide the service, one is chosen via sortition. If rents are allocated in this way, then there is no longer reason to seek them, as all the campaign contributions and interest group pressure in the world will not change the fundamental laws of probability.

There are issues with this proposal. First, by handing out contracts randomly, governments are no longer able to choose the best firm for the job. Not all firms will be able to provide the same quality of service at the same price, so selection by lottery may select a poor candidate. Beyond this, selecting for government contracts in this way *incentivizes* firms providing the relevant service to do a poor job, as merit is totally eliminated from the selection criteria. And finally, not all rent seeking can be dealt with via sortition. Though government contracts can be handed out randomly, how do we randomly decide between competing health and safety regulations? How do we randomly decide between different financial regulations?

Yet another proposal is to introduce some kind of generality constitutional amendment limiting the sorts of legislation that can be passed. F.A. Hayek, for instance, wrote that '[The First Amendment] ought to read, "Congress shall make no law authorizing government to take any discriminatory measure of coercion"' (Buchanan and Congleton 2003, epigraph). The basic idea is to pass a new constitutional amendment specifying that laws may not provide differential benefits between persons or firms.

While a nice idea, it is hard to see how a generality amendment could actually be written and applied in practice. Buchanan and co-author Roger Congleton, for instance, write that applied to tax law 'persons may be treated in accord with the generality norm when their coerced exactions for sharing do not depart significantly from equality in the labour time required to meet these exactions. For example, a tax-sharing scheme satisfies the generality norm when the person who earns $120,000 annually is subjected to a tax of $10,000, whereas the person who earns $12,000 annually is taxed for $1,000' (Buchanan and Congleton 2003, 60). In both cases, each person is taxed one month's worth of work, so the law does not discriminate between persons. While the law does not discriminate in this sense, it does discriminate in another: the tax will be a greater burden on the poor person than the rich one. So maybe the law does not satisfy generality after all. Interpretive issues concerning what generality actually requires make this proposal difficult to implement.

My favoured proposal for reducing rent seeking is to introduce greater secrecy in the legislative process.[xii] By secrecy, I mean this: when representatives vote on bills (either on the legislature floor or in committee), they do so by the secret ballot. Citizens will know which bills pass or fail, and they will know the total number of votes for and against each bill, but they will not know in which direction individual legislators cast their votes. To put it another way, I propose that voting in legislatures proceed in much the same way it does among citizens in democratic elections: results of the vote are made public, but how individuals cast their ballots remains secret.

This will eliminate much rent seeking for two reasons. Consider first campaign contributions as a cause of rent seeking. As a general rule, in order for persons to engage in non-contemporaneous exchange with one another (I give you apples today for your oranges in the future) they need some kind of *credible commitment* that the other party will live up to their end of the deal (North 1993). Exchanges between donors and politicians have this general problem: I give the politician a donation today, in exchange for legislative favours later on. This credible commitment problem is resolved through reputation effects (Snyder 1992). I observe the politician do me a favour, so I'm willing to contribute again next time. Forcing legislators to vote by the secret ballot eliminates this credible commitment. With no way to verify that the legislator will make good on her end of the bargain, it's unlikely that I would be willing to engage in the exchange in the first place. Consider: if you were going to pay someone to perform a service for you, but it was impossible for you to verify that they actually completed the service, would you still engage in the trade? Most would not.

Moreover, secrecy in the legislature levels down information, so interest group members now possess the same information as normal persons. Interest groups, we saw, effectively seek rents by acquiring costly political information and then dispersing it to their members. These groups write emails and newsletters saying: your representative voted to end corn subsidies, so you (the corn farmer) should vote her out. This pressures legislators to serve myopic interests rather than the general public. But, if representatives vote by secret ballot, then there is no way for the interest group to send those kinds of emails and newsletters to its members. Interest group members are now in the same epistemic position as the rest of us. Given this, there is no longer any reason for politicians to bias the preferences of informed interest group members over the preferences of the general public.[xiii]

Is Political Inequality Inevitable?

The last section overviewed different proposals to limit rent seeking. Such proposals might inspire optimism that political equality really is within our grasp. I would now like to end on a pessimistic note. Some public choice theorists believe that rent seeking (and hence political inequality) is inevitable, and that it will get worse over time. This thesis is advanced by Michael C. Munger and Mario Villarreal-Diaz (2019).[xiv]

The authors begin by defining *capitalism* and *crony capitalism*. Capitalism is 'a social system based upon the recognition of individual rights, including private property rights where all goods, both intermediate goods and final goods, are owned privately' (Munger and Villareal-Diaz 2019, 332). In contrast there is crony capitalism, defined as 'a social system where the government intervenes aggressively into the economy, typically with political instruments that benefit large corporations and enterprises to the detriment of smaller businesses and private citizens' (332). The authors' thesis is that capitalism, when coupled with democratic politics, will inevitably morph into crony capitalism.

Why is this the case? Munger and Villarreal-Diaz distinguish between two ways of making profits. First, firms can make profits by 'engaging in productive activities that create value for others' (339). Call these *real profits*. Real profits are what we think of when we think of firms making profits, and it is exactly what we want from a market economy. The second way of making profits is by using 'the power of the state to extract resources from others or to protect those existing products from competition' (340). Call these *crony profits*. Crony profits derive from rent seeking, and they are precisely what we don't want.

Firms need to invest resources in order to make profits. They have a choice to invest resources into activities that will generate real profits, or into rent seeking activities that generate crony profits. By basic public choice assumptions – in particular, that persons are self-interested, narrowly defined in terms of wealth – it becomes clear that a rational, profit-maximizing firm will invest resources strictly into productive activities if and only if the last dollar spent on acquiring real profits is more profitable than the first dollar spent on acquiring crony profits (340-341). While it is logically possible for this to be true, it is incredibly unlikely.

So far, Munger and Villareal-Diaz have only argued that firms will often have incentive to pursue crony profits. However, can't we use some of the strategies discussed in the prior section to prevent rent seeking? The problem here is that politicians have little incentive to stop rent seeking, and thus little incentive to implement the reforms previously discussed. The reason why is that rent seeking is a lucrative business for most politicians: 'Encouraging corporate dependence on the state and collecting revenues from running artificial rent-seeking contests are primary money-making enterprises of successful politicians' (Munger and Villareal-Diaz 2013, 335). Thus, the problem is that private actors and firms often have reason to seek rents, and politicians often have reason to grant rents. All players in the game have strong reason to keep the game going, making it exceedingly difficult to change the game's rules. Under these circumstances, there is no reason to think that rent seeking and hence political inequality can be stopped.

I am not quite as pessimistic about the possibility of achieving political equality in our lifetime, for two reasons. First, Munger and Villareal-Diaz do not distinguish between different *types* of democratic regimes. A democratic society might start off with rules that significantly limit rent seeking. For instance, many countries prohibit private citizens from making large contributions to political campaigns in the manner that is permitted in countries like the United States.

So, some countries might start out with the right kinds of political institutions, which may prevent a descent into crony capitalism. However, what about the countries whose political institutions permit extensive rent seeking from the start? Is their fate really sealed? I am still not so sure. The authors' argument consists of a rigid application of the basic public choice assumptions, that firms and politicians are narrowly self-interested. I do think that, very often, these assumptions are descriptively accurate. But they may not always be. It may be that, in some rare cases, firms and politicians are capable of reforming their political institutions for the greater good, in a manner contrary to their narrow material interests.

Note, some public choice theorists themselves believe this to be true. Geoffrey Brennan and James M. Buchanan (2000) discuss the possibility of constitutional reform. The authors admit that 'to hold out hope for reform in the basic rules describing the sociopolitical game, we must introduce elements that violate the self-interest postulate' (Brennan and Buchanan 2000, 162). In particular, for genuine constitutional reform to happen, 'persons must be alleged to place positive private value on "public good" for the whole community of persons, over and beyond the value placed on their own individualized or partitioned shares' (163). Public choice theory offers numerous insights into some of the sources of and remedies for political inequality. But it may be that to actually implement these remedies, we must go beyond the theory of public choice, and awaken the better angels of our nature.

Works Cited

Amadae, S.M. 2003. *Rationalizing Capitalist Democracy*. Chicago: University of Chicago Press.

Ansolabehere, Stephen, John M. Figueiredo, and James M. Snyder. 2003. "Why is There so Little Money in U.S. Politics?" *Journal of Economic Perspectives 17* (1): 105-130.

Boettke, Peter J. and Ennio E. Piano. 2019. "Public Choice and Libertarianism." In *Oxford Handbook of Public Choice, Vol. 1*, edited by Roger D. Congleton, Bernard Grofman, and Stefan Voigt, 814-830. Oxford: Oxford University Press.

Brennan, Geoffrey and James M. Buchanan. 2000. *The Reason of Rules*. Indianapolis: Liberty Fund.

Brighouse, Harry. 1996. "Egalitarianism and Equal Availability of Political Influence." *Journal of Political Philosophy 4* (2): 118-141.

Buchanan, James M. 1999a. "Politics, Policy, and the Pigovian Margins." In *The Collected Works of James M. Buchanan, Vol 1*, 60-74. Indianapolis: Liberty Fund.

Buchanan, James M. 1999b. "Politics without Romance: A Sketch of Positive Public Choice Theory and Its Normative Implications." In *The Collected Works of James M. Buchanan, Vol 1*, 45-59. Indianapolis: Liberty Fund.

Buchanan, James M. 1999c. "Rent Seeking and Profit Seeking." In *The Collected Works of James M. Buchanan, Vol 1*, 103-115. Indianapolis: Liberty Fund.

Buchanan, James M. 1999d. "The Domain of Constitutional Economics." In *The Collected Works of James M. Buchanan, Vol 1*, 377-395. Indianapolis: Liberty Fund.

Buchanan, James M. and Roger D. Congleton. 2003. *Politics by Principle, Not by Interest*. Indianapolis: Liberty Fund.

Buchanan, James M. and Gordon Tullock. 2004. *The Calculus of Consent*. Indianapolis: Liberty Fund.

Bulmer, Elliot, and Stuart White. 2023. "Constitutions Against Oligarchy." In *Wealth and Power: Philosophical Perspectives*, edited by Michael Bennett, Huub Brouwer, and Rutger Claassen. London: Routledge.

Christiano, Thomas. 1996. *The Rule of the Many*. Boulder: Westview Press.

Cohen, Joshua. 2001. "Money, Politics, and Political Equality." In *Fact and Value*, edited by Alex Byrne, Robert Stalnaker & Ralph Wedgwood, 47-80. Cambridge: MIT Press.

Dahl, Robert A. 1989. *Democracy and its Critics*. New Haven: Yale University Press.

Dawood, Yasmin. 2015. “Campaign Finance and American Democracy.” *Annual Review of Political Science 18*: 329-348.

Downs, Anthony. 1957. *An Economic Theory of Democracy*. New York: Harper and Row.

Dworkin, Ronald. 2000. *Sovereign Virtue*. Cambridge: Harvard University Press.

Estlund, David. 2000. “Political Quality.” *Social Philosophy & Policy 17* (1): 127-160.

Gilens, Martin. 2012. *Affluence and Influence*. Princeton: Princeton University Press.

Gilens, Martin. 2021. “Campaign Finance Regulations and Public Policy.” *American Political Science Review 115* (3): 1074-1081.

Hall, Richard L. and Alan V. Deardorff. 2006. “Lobbying as Legislative Subsidy.” *American Political Science Review 100* (1): 69-84.

Hardin, Russell. 1982. *Collective Action*. Baltimore: Johns Hopkins University Press.

Hinich, Melvin J. and Michael C. Munger. 1989. “Political Investment, Voter Perceptions, and Candidate Strategy: An Equilibrium Spatial Analysis.” In *Models of Strategic Choice in Politics,* edited by Peter C. Ordeshook, 49-68. Ann Arbor: University of Michigan Press.

Holcombe, Randall G. 2018. *Political Capitalism*. Cambridge: Cambridge University Press.

Lohmann, Susanne. 1998. “An Information Rationale for the Power of Special Interests.” *American Political Science Review 92* (4): 809-827.

Kimpell, Jessica. 2023. "What About Ethos? Constitutions, Oligarchic Democracy and Norms of Political Equality." In *Wealth and Power: Philosophical Perspectives*, edited by Michael Bennett, Huub Brouwer, and Rutger Claassen. London: Routledge.

Knight, Jack and James Johnson. 1997. “What Sort of Political Equality Does Deliberative Democracy Require?” In *Deliberative Democracy,* edited by James Bohman and William Rehg, 279-320. Cambridge: MIT Press.

Kogelmann, Brian. 2015. “Modeling the Individual for Constitutional Choice.” *Constitutional Political Economy 26*: 455-474.

Kogelmann, Brian. 2018a. “Buchanan and Arrow on Democracy, Impossibility, and Market.” In *Exploring the Political Economy and Social Philosophy of James M. Buchanan,* edited by Paul Aligica, Christopher J. Coyne, and Stefanie Haeffele, 123-141. London: Rowman & Littlefield.

Kogelmann, Brian. 2018b. “Rawls, Buchanan, and the Search for a Better Social Contract.” In *Exploring the Political Economy and Social Philosophy of James M. Buchanan,* edited by Paul Aligica, Christopher J. Coyne, and Stefanie Haeffele, 17-38. London: Rowman & Littlefield.

Kogelmann, Brian. 2021a. “Secrecy and Transparency in Political Philosophy.” *Philosophy Compass 16*: e12733.

Kogelmann, Brian. 2021b. *Secret Government: The Pathologies of Publicity*. Cambridge: Cambridge University Press.

Lindsey, Brink and Steven M. Teles. 2019. *The Captured Economy*. Oxford: Oxford University Press.

Lockard, Alan A. 2003. "Decision by Sortition: a Means to Reduce Rent-Seeking." *Public Choice 116* (3/4): 435-451.

Morton, Rebecca and Charles Cameron. 1992. "Elections and the Theory of Campaign Contributions." *Economics and Politics 4* (1): 79-108.

Mueller, Dennis C. 2003. *Public Choice III*. Cambridge: Cambridge University Press.

Munger, Michael C. and Arthur T. Denzau. 1986. "Legislators and Interest Groups: How Unorganized Interests Get Represented." *American Political Science Review 80* (1): 89-106.

Munger, Michael C. and Mario Villarreal-Diaz. 2019. "The Road to Crony Capitalism." *The Independent Review 23* (3): 331-334.

North, Douglass C. 1993. "Institutions and Credible Commitment." *Journal of Institutional and Theoretical Economics 149* (1): 11-23.

Olson, Mancur. 1971. *The Logic of Collective Action*. Cambridge: Harvard University Press.

Olson, Mancur 1982. *The Rise and Decline of Nations*. New Haven: Yale University Press.

Parvin, Phil. 2023. "Hidden in Plain Sight: How Lobby Organizations Undermine Democracy." In *Wealth and Power: Philosophical Perspectives*, edited by Michael Bennett, Huub Brouwer, and Rutger Claassen. London: Routledge.

Rousseau, Jean-Jacques. 1987. *On the Social Contract*. Indianapolis: Hackett Publishing.

Schlozman, Kay Lehman, Henry E. Brady, and Sidney Verba. 2018. *Unequal and Unrepresented*. Princeton: Princeton University Press.

Schlozman, Kay Lehman, Sidney Verba, and Henry E. Brady. 2012. *The Unheavenly Chorus*. Princeton: Princeton University Press.

Snyder, James M. 1992. "Long-Term Investing in Politicians: Or, Give Early, Give Often." *Journal of Law & Economics 35* (1): 15-43.

Stratmann, Thomas. 2005. "Some Talk: Money in Politics. A (Partial) Review of the Literature." *Public Choice 124* (1/2): 135-156.

Thrasher, John. 2016. "The Ethics of Legislative Vote Trading." *Political Studies 64* (3): 614-629.

Thrasher, John. 2019. "Democracy Unchained: Contractualism, Individualism, and Independence in Buchanan's Democratic Theory." *Homo Oeconomicus 36*: 25-40.

Tollison, Robert D. 1982. "Rent Seeking: A Survey." *Kyklos 35* (4): 575-602.

Tullock, Gordon. 2005. *The Rent-Seeking Society*. Indianapolis: Liberty Fund.

[i] There are other attempts in the literature to draw a close connection between democratic theory and public choice theory. Thrasher (2019), for instance, offers a reconstruction of Buchanan's normative theory of democracy.
[ii] This is not to say that *all* political inequality results from rent seeking. Rather, the claim is that rent seeking is the source of *some* of the political inequality we confront.
[iii] I do not mean to suggest that these are the *only* causes of unjustifiable unequal influence; there may be others. I add differential political knowledge to Estlund's list and stop there because I believe focusing on differential political knowledge in conjunction with the public choice literature highlights interesting insights that political philosophers have thus far neglected.
[iv] This does not mean these theorists all agreed with one another; in fact, they disagreed extensively. For instance, Buchanan saw little relevance in Arrow's acclaimed impossibility theorem. For more on this debate, see Kogelmann (2018a).
[v] Why choose to model persons so pessimistically in the analysis politics? I analyze the main arguments in Kogelmann (2015).
[vi] This is not to say that (*ii*) differential social rank plays no role at all. Holcombe (2018) develops a theory of rent seeking where those able to successfully capture rents are non-political elites who have close relationships with political elites (thus lowering the transaction costs of rent seeking). This, in my view, is a story about how rent seeking is facilitated through differential social rank. For space constraints, however, I cannot examine this theory in detail.
[vii] For a normative defense of logrolling, see Thrasher (2016).
[viii] Note, this is not the only way of understanding lobbying. "Lobbying" is an ambiguous term that can refer to many different activities. Sometimes it refers to grassroots lobbying of the kind I discuss in this section. Sometimes it refers to the exchange of campaign contributions for legislative services, as discussed in the prior section. For other accounts of what lobbying can mean in the public choice literature, see Hall and Deardoff (2006). For further analysis, see Phil Parvin's (2023) chapter in this volume.
[ix] The normative component of public choice theory is deeply intertwined with the social contract tradition. For an overview, see Kogelmann (2018b).
[x] For criticism of this approach, see Jessica Kimpell Johnson's (2023) paper in this volume.
[xi] See also Lockard (2003).
[xii] I propose this in Kogelmann (2021b: ch. 2). For a more general discussion of secrecy and transparency as applied to questions in political philosophy, see Kogelmann (2021a).
[xiii] There are several objections to this proposal: given membership in political parties, won't we be able to guess how representatives voted? Won't representatives declare how they voted? What about accountability? I address these objections in Kogelmann (2021b: ch. 2).
[xiv] A similar position is also taken by public choice economist Holcombe (2018).