

leges that have enabled unions to earn monopoly profits by the use of force and threat at the expense of everyone else in society. More specifically:

[T]he right thing to do is to deregulate. Try freedom for a change. Repeal, abolish, rescind, revoke, and do away with the Railway Labor Act, the Norris-LaGuardia Act, and the National Labor Relations Act. Also abolish the commissions, executive orders, state laws, rulings, administrative orders, and regulations derived from the three major statutes. Restore the rule of law in labor relations by treating unions in a manner consistent with the way everyone else is treated under contract and tort law. Treat workers and worker organizations as responsible adults, not as children who are exempt from the rules of peaceable conduct. [p. 264]

If more people became aware of the truths about unionism that Professor Reynolds has revealed, the prospects for greater freedom would surely improve.

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The Theory of Public Choice—II

Edited by James M. Buchanan and Robert D. Tollison
Ann Arbor: University of Michigan Press, 1984, 512 pp.

This is the second volume of papers devoted to public choice theory edited by James Buchanan and Robert Tollison. Twelve years elapsed between the 1972 publication of the original *Theory of Public Choice* and the current volume. Comparison of the two volumes (hereafter referred to as PC-I and PC-II) gives some insight into how public choice has developed in the intervening years. This perspective is somewhat blunted by a disproportionate representation of the "Virginia school of political economy," especially in PC-I. Because the Virginia school has been the source of so many contributions to public choice theory, however, the parochial selection process does not seriously detract from the value of the two volumes.

In his introduction to PC-I, Tollison concluded that "[t]he 'theory of public choice' remains on the threshold of development." A theme of his preface to PC-II is that public choice is well past the threshold of acceptance as a legitimate subdiscipline in economics. He notes the growth of the journal *Public Choice* and also that public choice articles are now more widely published in major economics journals than was the case in the 1960s and early 1970s. A comparison of original publication outlets for the papers in PC-I and PC-II supports this observation. In addition, textbooks in public finance routinely include material on public choice. Students are also receiving exposure to the field in some major elementary textbooks.

The first two papers in PC-II, following Tollison's introduction, provide an excellent overview of public choice. James Buchanan's "Politics without Romance . . ." is a concise summary of the origins of public

choice, its methodology and perspective on the workings of government. Public choice has profoundly altered the way modern economists approach public policy analysis. The stance of proffering advice to a benevolent despot—of searching for a set of policies which would allow that despot to maximize social welfare—is increasingly abandoned as irrelevant. Buchanan outlines the alternative perspective of public choice—that of viewing the public sector as a set of institutions through which individuals seek to achieve their goals. The tools and methods which economists have traditionally and successfully applied in their analysis of market institutions are extended to the analysis of political institutions. The second paper is Dennis Mueller's excellent survey article originally published in the *Journal of Economic Literature*. Where Buchanan offers a general outline, explaining what public choice is and why it is important, Mueller fills in the details of how public choice scholars go about their work. Both papers should be required reading for anyone beginning a study of the field.

Voting theory has always been an important part of public choice. The neglect of this area in PC-I has been remedied in PC-II by the inclusion of several papers. The most important is Nicolaus Tideman's and Gordon Tullock's paper on "A New and Superior Process for Making Social Choices." Their "demand-revealing process" is a major contribution to literature dealing with the problem of preference revelation in non-market settings. Other useful and provocative papers include Dennis Mueller's "Voting by Veto," a paper by Mueller, Tollison, and Thomas Willett "On Equalizing the Distribution of Political Income," and Peter Bernholz, "A General Social Dilemma: Profitable Exchange and Intransitive Group Preferences."

PC-I was devoted almost exclusively to policy analysis. This was appropriate in that public choice scholars needed first to challenge mainstream economics in its traditional domain and to demonstrate the valuable insight the public choice perspective lends to policy questions. The repeated demonstration of that insight undoubtedly played a major role in taking the romance out of politics, to use Buchanan's phrase. Policy analysis remains important. In the mid-1980s, however, a major new area of inquiry has come into its own. This is the economic theory of constitutions. If policy analysis can be characterized as positive analysis of how individual and group decisions on specific issues are affected by existing political institutions, the theory of constitutions takes a step back and examines the choice of institutions themselves. Building on positive analysis of how institutions affect outcomes, constitutional economics addresses itself to the normative issue of which institutions are best suited to achieving desired results.

Here, as in so many areas of public choice, much of the intellectual leadership has come from James Buchanan. In addition to the discussion in his introductory paper, Buchanan has authored or coauthored three other papers in PC-II which deal with constitutional economics. The

concluding paper in the volume, "Constitutional Restrictions on the Power of Government," is essentially a discussion of how constitutional economics relates to important issues confronting the American polity, in particular, proposals to amend the national and various state constitutions to restrain government's power to tax and spend. Two other papers, coauthored with Geoffrey Brennan, demonstrate in more depth the intellectual logic of constitutional economics. "Towards a Tax Constitution for Leviathan" addresses the issue of appropriate tax norms or constitutional constraints which might be desirable if majority voting fails to restrain the revenue-maximizing productivities of "Leviathan" government. Stated succinctly, the Brennan-Buchanan analysis stands traditional normative tax theory on its head.

The Leviathan model has been controversial, primarily because of the unwillingness of many scholars to accept its empirical relevance. Buchanan and Brennan provide a provocative argument in support of their approach in another paper, "The Normative Purpose of Economic Science." Although this paper appears in a different section of PC-II than "Towards Tax Constitution. . .," it is strongly recommended that these two papers be read together.

PC-II contains other important contributions to public choice theory which have not been mentioned here due to space constraints. The volume is generally excellent and is a valuable source for anyone interested in the field.

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