



On the Durability of King and Council: The Continuum Between Dictatorship and Democracy¹

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Abstract. In practice one rarely observes pure forms of dictatorship that lack a council, or pure forms of parliament that lack an executive. Generally government policies emerge from organizations that combine an executive branch of government, “the king,” with a cabinet or parliamentary branch, “the council.” This paper provides an explanation for this regularity, and also provides an evolutionary model of the emergence of democracy that does not require a revolution. The analysis demonstrates that the bipolar “king and council” constitutional template has a number of properties that gives it great practical efficiency as a method of information processing and as a very flexible institutional arrangement for making collective decisions.

JEL classification: D7, D6, H1, N4

1. Introduction

There is a very widely used method of collective decision-making that has been surprisingly durable and nearly universal in application. This organizational form has survived for several millennia, and yet has been nearly ignored by previous public choice analyses. It is a method of governance that has neither an unrestricted executive (leviathan or dictator) nor an unrestrained parliament (legislature, council, committee, or diet). Rather, this neglected form of governance occupies the middle ground between these two extremes. It divides up policy-making responsibility between a branch of government headed by one person, and another branch in the form of a committee composed of several members having more or less equal authority. I refer to this very general and ancient constitutional template as “king and council.”

At first reflection, this pattern of organization may seem to have a rather limited application. In early medieval Europe, councils and kings met to elect and advised the kings of Northern Europe. In late medieval Europe, many of Europe’s kings formally established advisory councils and eventually parliaments that had significant control over public policy, for example, veto power over taxation, as in England and Sweden.² Some of these medieval parliaments continue into the present day in modified form.

However, bipolar governance within the king and council template is clearly more widespread than the ancient English and Swedish models. For example, many bipolar systems of governance were formally established by the social compacts and instruments of governance during the nineteenth century as new countries formed and as old nations reformed older political arrangements, as, for example, in Norway (1814),

France (1814), Denmark (1849), Greece (1864), Italy (1861), Germany (1871), and Japan (1889). Moreover, essentially all modern democratic governments rely upon a structurally similar bipolar form of collective decision making with an executive branch (headed by a president or prime minister) and a legislative branch (a multi-member congress, assembly or parliament), each of which has significant policy-making responsibility.

A bit more reflection and investigation leads one to the conclusion that very few kings and dictators have lacked advisory councils of one kind or another, and very few democracies have lacked an executive branch headed by a single agent. Indeed, it appears that the bipolar “king and council” template for governance may be more commonplace than either of the better analyzed extremes. Moreover, this bipolar template for collective choice is widely used in nonpolitical organizations as well: within firms (CEO and board of directors), within military organizations (commander and war council), and within the church (pope and congress of cardinals). “Committee and executive” decision-making procedures are also common place within local governments, universities and nonprofit organizations. The bipolar “king and council” template is very scalable, and is clearly widely used to make decisions within both public and private organizations.

To say that in some of these organizations, the “councils” or the “executives” have only minor formal policy-making powers is, of course, correct. Consequently, considerable insight into the performance of nearly polar forms of “king and council” regimes can be obtained by analyzing the pure forms of collective choice (dictatorship and committees). On the other hand, to entirely neglect relatively weak branches of government, clearly understates their influence over policy. Even advisory councils must be listened to in a manner which impacts policies if serious advice is to be obtained. Similarly, appointed executive administrators often have control over policy relevant information and significant discretion over the implementation of directives from the legislature which gives them, at least implicitly, substantial influence over policy. (See Niskanen 1969; Breton and Wintrobe, 1975.) Moreover, analysis of the extreme cases necessarily neglects the wide range of intermediate cases where significant policy-making power is vested in both parts of government.

As will be developed below, it is partly because the assignment of power between the “one-man” and “committee” branches of government can be varied so finely that the king and council is such a useful template. It allows a broad range of decision-making arrangements, a continuum, within which many bargains over power sharing can be negotiated.³

In practice, this neglected continuum between one man rule and rule by a committee has often allowed changes in the “balance of power” to be made within a single structure of governance, without the requirement of violent or revolutionary institutional reform. Here one may note the gradual shift of power between kings and their Parliaments that have taken place within many of the countries of Northern Europe during the past two hundred years. The royal families of the United Kingdom, Sweden, Denmark, Norway, and the Netherlands are clearly much less influential today than they were in 1800. And yet in many of these cases, the change in the balance of policy-making power within these countries was achieved gradually and without violent conflict.

This is not to say that violent conflict never occurs within the “king and council” template. However, the continuum between the executive and committee allows the possibility that intermediate bargains may be struck without civil warfare, and moreover allows the possibility that even failed revolutions may significantly affect the process by which public policies are adopted.

The present paper examines why a constitutional arrangement that divides policy-making power between an executive and a committee might be preferred to the extreme forms of government that have attracted so much of the attention of research in the CPE and public choice traditions. The analysis suggests that the king and council template makes relatively efficient use of information, reduces the extent of resources wasted in conflict, and provides relatively stable and predictable government policies.

This paper’s focus on bipolar governance, unfortunately, does not allow the present analysis to explore in significant detail the effects that alternative mechanisms for selecting the members of the council (parliament) tend to have on the balance of power within government. This is not because selection mechanisms are unimportant.⁴ It seems clear that a council chosen by the executive (king or dictator) will have a weaker bargaining position than one chosen independently by other power centers of the country (nobles, interest groups, or the electorate). Similarly, an executive selected by the legislature (a prime minister) will have a weaker bargaining position with the parliament than one selected independently (dynastic king or independently elected president). Moreover, changes in the procedures for determining the individuals who hold positions of policy-making power within a bipolar government also appear to systematically change the relative bargaining power of the kings and council. For example, the shift in policy-making power from kings to parliaments throughout Europe is strongly correlated with broadening the electoral base of parliament. Space considerations allow only a bit of attention to be devoted to the manner in which procedures for selecting members of parliament may affect the relative bargaining power of the “king” and “council.”

The paper is organized to parallel in an approximate way the history of many North European governments. Section 2 considers the purely informational advantages of an advisory council in settings where a king is less than perfectly informed either in the finite sample sense or in the rational ignorance sense. The purpose of this section is to demonstrate why even an initially all powerful King might prefer the king and council template to the pure form of one man rule. Section 3 demonstrates that the king and council template can potentially be used to reduce wasteful conflict in cases where disputes take place between a hierarchical organization (a king) and an alliance (council) that resists the king’s dominion. Section 4 analyzes the long and short run implications of dividing agenda control and veto power between a king and parliament, and discusses how the assignment of such powers can be used to strike constitutional bargains. That analysis also demonstrates that the king and council form of governance tends to generate more moderate and stable policies than either pure form of governance. Section 5 discusses how democracies can emerge from the king and council template as a result of a series of systematic political shocks. The previous section suggests that a strong king or council can often trade veto or agenda control to the other branch at little cost in

the short run. A series of such trades can allow the gradual emergence of parliamentary democracy—and its potential reversion to dictatorship—without violent revolutions or wholesale constitutional revision. The last section summarizes the analysis and suggests a few extensions.

2. The Emergence of Councils: Informational Advantages of the King and Council Template

Wintrobe (1997) argues that every autocrat faces several kinds of information problems. First, an autocrat faces the same information problems as an ordinary person. An autocrat has to decide how much information to gather about every dimension of policy, which information sources should be believed, and how much of the information gathered to share with others. Second, an autocrat confronts a series of information problems that are associated with the power of the position held. Much of the information available to him will be intentionally biased whenever individuals, especially those within government, can benefit from manipulating the autocrat in some manner. For example, personal careers may often be advanced by exaggerating one's own loyalty and performance, and that of organizations they are affiliated with, relative to other rivals. Wintrobe (1997: Ch. 2) refers to this filtering aspect of a ruler's informational problems as the "dictator's dilemma."

Third, the problem of getting useful information is compounded by an autocrat's greater need for accurate policy information than that of individuals with less power. The scope of an autocrat's policy-making ability is clearly wider than that confronted by an ordinary person, and so, consequently, are the number of policies that must be accurately assessed if he is to make policy decisions that advance his own interests. Together, these imply that in most cases it will be difficult for any single individual to independently gather sufficient information to make accurate policy assessments.

An advisory council is one widely used technology for reducing a principal's information costs. Insofar as both incompetent and dishonest advisors are routinely eliminated from such councils, and insightful advice is rewarded with positional or pecuniary compensation greater than that associated with their occupational alternatives, council members have incentives to be truthful with their advice and generous in sharing their stock of private knowledge. The advantages of this technology may be demonstrated for two quite different settings in which a king may assemble a council of advisors: (1) a setting where the king is initially broadly informed about relevant policy details, and (2) a setting in which the king is not.

2.1. Advising Knowledgeable Kings with Rational Expectations

Consider first a fairly well-informed king with rational expectations over the consequences of alternative policies, and thereby of the relative merits of policy alternatives. Such a king will not make systematic policy errors and consequently, on average, will choose policies that maximize his expected utility. Yet a king like any other person will economize on data

and collect it only up to the point where his expected marginal benefits equal his marginal cost. Clearly, ordinary statistical theory implies that the smaller the data set, the greater the errors, other things being equal. Consequently, there are circumstances where it pays the king to use part of his data collection budget to assemble a council and pay council members for their advice (either directly in cash, or indirectly through favors and privileges).

It bears noting that the advice of a panel of non-experts chosen at random from his populace can be a cost effective manner of extending the king's data set. The members of such a council will tend to be less informed than the king because they lack an encompassing interest in the kingdom. However, advice from such a council may still be informative insofar as the samples of the king and council members are independent of one another. The average of several unbiased estimates is generally a better estimator (more accurate) than any one of the estimates averaged, and better than a single estimator based on a smaller data set. Such a council will be cost effective if the total sample of all council members exceeds the reduction in the king's sample necessary to pay the council members.

However, in many cases, the king can do better than a randomly assembled council. For example, he may limit his sample to persons who appear to be better informed in particular policy areas than he is. Some potential councilors may simply have a comparative advantage at gathering and processing information because their opportunity cost for assembling and processing information is substantially below that of the king, or because of their talents as information processors. This comparative advantage is partly endogenous, and can be increased if the king constructs competitive games for council membership that reward policy relevant information acquisition with status or lucrative salaries. In some cases, contests can be extremely effective, inducing greater investments by the players than the sum of the rewards given out, as true of even simple lotteries (Tullock 1987). Moreover, payment in *positional goods* can be quite inexpensive for the king, yet encourage substantial efforts by prospective councilors (Hirsch 1995; Frank 1985; Congleton 1989).

Informational gaming opportunities for council members are fairly limited in an environment where the king is sufficiently informed about policy consequences that he can form unbiased estimates of policy consequences, and is consequently able to reject, as implausible or as outliers, any obviously manipulative "estimates" by the council or council members. Thus, potential gains from organizing a committee of advisors can be significant in a setting where the king has rational expectations about policies. The number of policy mistakes (and thereby policy risks) tend to fall as a result of cost effective advice. In this manner, a well-informed supremely powerful king can benefit from the advice of a somewhat representative council—even when individual council members are less informed than the king.

2.2. Advice When Kings and Councils are Rationally Ignorant

The informational problems change significantly as one shifts from a setting where the king and all councilmen have complete although finite samples to one where both the king

and councilors remain rationally ignorant about some policy sub fields or some policy consequences. Here completely *unbiased estimation is not possible* by the king or his councilors (Congleton 2001A). The impossibility of independent unbiased estimation increases the potential gains from additional information but also increases the risk of manipulation. That is to say, a council can potentially reduce policy mistakes by a rationally ignorant king by reducing the variance of his estimation process, as in the previous case, and now can also reduce the bias of the king's estimates of policy consequences. On the other hand, the council's scope for influencing decisions by manipulating the king are potentially larger in this setting, particularly in policy areas where the king remains essentially uninformed. Appendix I illustrates how ignorance tends to bias policy choices in most circumstances.

One method of addressing the problem of ignorance is to assemble a council that includes members beyond the king's immediate circle (from whom he already receives incidental, common, or "folk" knowledge). A council whose membership extends beyond the "court" tends to include *more complete information*. That is to say, it not only includes a larger sample of information, but also sample or cross section of knowledge that includes *more kinds or dimensions* of information than the king could or would be inclined to assemble on his own. An honest council of this kind can clearly reduce rational or other ignorance at a relatively low cost.⁵

However, in order to profit from council advice in areas where the king is essentially ignorant, the organization of the council must overcome the "dilemma of experts," the difficulty of taking advice from knowledgeable persons whose information can not be readily appraised, *ex ante*. (In the previous rational expectations case the king had his own independent and unbiased estimates to use as a reference point, here he does not.) Relatively short-term forecasts and advice can often be directly checked by the king as events unfold, but longer term advice remains problematic to assess. And, of course, even bad short-run advice can be disastrous for the king.

Beyond gauging advice based on past performance, the king can attempt to organize his council to minimize strategic information problems. There are several ways he can attempt to address the problem of information manipulation. The simplest method is to assemble a council that includes persons with well understood but conflicting interests who possess overlapping knowledge or expertise. Such a council can be assembled by having interest groups (guilds, land owners, the clergy, etc.) propose policy experts or representatives to the king's council. A more or less "representative" council implies that the king will hear a wider range of policy assessments from predictable policy interests, and that the *median* or average of the opinions heard is fairly well-informed and unbiased insofar as the council as a whole lacks a policy interest that differs *systematically* from that of the king.

In this setting, there is a practical reason for assembling somewhat representative councils staffed by members of organized special interest groups. In the case of rational ignorance, informational advantages alone can justify somewhat representative councils or parliaments. Moreover, both the size and representativeness of *advisory* councils can be varied to maximize the autocrat's informational advantage. In principle, the size and representativeness of the advisory council can be varied to the point where the marginal cost of a larger more complex council equals approximately the expected marginal

informational advantage of improved public policies (e. g. those that advance the king's interest in the present context).⁶

3. The Emergence of Councils with the Power to Advise *and* Consent

The previous section provides an informational rationale for why we rarely observe a king without a council or a council without an executive. It demonstrates why advisory councils may be representative in the sense that many competing interests beyond those of the royal family or government are evident among council members. But it does not provide a rationale for moving beyond this nearly polar form of the king and the council template. The remainder of the paper focuses on conditions where both king and the council both have power over public policy. That is to say, the remainder of the paper explores settings where the council has the power of "consent" as well as that of "advice."

There are again two settings that illustrate the core advantages and costs of power sharing. First a hypothetical setting where an all powerful king may choose to grant some policy-making power to a council, and second a more realistic setting where the king is initially dominant but not all powerful. The common element of both settings, as it turns out, is that there are often mutual advantages that a king and council can realize by shifting power between them. That is to say, *policy-making power can be used as a tradable good*. The gains from trade are not always, or perhaps even usually, entirely internal to the government, but are often generated by politically relevant changes outside government. However, even without external political shocks such gains from trade often exist. For example, in the near polar case just considered, modest grants of power to the council may be explained in the context of a supremely powerful king or president as a relatively inexpensive form of compensation for council members, especially for those with a direct financial or ideological interest in public policy.

In more realistic settings, where the king is the most powerful person in the kingdom, yet lacks the power to costlessly impose his will on all within the kingdom, power sharing may be jointly adopted by a king and council as a means of reducing losses from intra-polity conflict. That is to say, the continuum of power-sharing arrangements between king and council template provides an institutional device for avoiding the losses associated with both "civil" and "uncivil" warfare among power centers within a given polity. To see this, consider the power game characterized in Table 1.

Table 1 illustrates some essential features of an asymmetric game of political conflict in a setting where two parties clash over the control of some policy, territory, or theology. Suppose that the weaker of the two parties is able to resist the stronger, so that complete domination is either impossible or at least is very costly for the stronger party. (In the case where the stronger party can simply conquer the weaker and dictate terms, a "kingdom" or dictatorship may be said to be the result, as in the upper right hand cell.) The stronger party benefits from investing resources in conflict insofar as it is able to expand its dominion, tax base, or generally achieve more control over policy. The weaker party benefits from resisting the stronger insofar as it retains more power or

Table 1. Asymmetric power game.

Weaker Party	Stronger Party		
	Little Aggression	Moderate Aggression	Intense Aggression
Little Resistance	6, 14	3, 16	0, 18
Moderate Resistance	7, 10	4, 12	1, 14
Intense Resistance	8, 8	5, 10	2, 12

property, or generally achieves a better policy result. The Nash equilibrium of this game involves a balance of power where both parties make intense efforts, e. g. engage in a power struggle.

Such investments in conflict are independently profitable in the sense that each party's own payoff increases as it invests more resources in the conflict (aggression for the stronger part/resistance for the weaker), other things being equal. However, the balance of power equilibrium that emerges is clearly wasteful in the sense that the welfare of both groups shrinks as additional resources are devoted to conflict. In the illustration, 8 units of resources can be said to be wasted at the Nash equilibrium [$8 = (6 + 14) - (2 + 10)$]. As in a conventional rent-seeking game, both parties would be better off if they could achieve the same balance of power while reducing the extent to which each invests resources in the conflict.

The use of a less resource intensive form of conflict via a well-designed "collective choice" mechanism is one way of reducing the losses associated with such conflict (Buchanan 1975; or North 1987). And it is clear that to the extent that all parties agree about the magnitude of the losses associated with violent conflict, they would all have an interest in designing a collective choice mechanism that could achieve a similar final apportionment of resources at lower cost.

Such an apportionment can be accomplished via the king and council template. As demonstrated below, the king and council template is sufficiently flexible that policy-making authority can be finely divided between the king and parliament in a manner which can replicate the payoff ratio's of nearly any violent equilibrium, while reducing the extent of the resources consumed by conflict. Extreme forms of political organization do not allow the possibility of such power sharing. I, the bipolar template may emerge and be adjusted via explicit agreement—or quasi-constitutional contract—between the organized parties who would otherwise be engaged in relatively costly forms of conflict.⁷

This provides one explanation of power sharing between a more or less representative body (a parliament) and an executive (the king). The power struggle game also suggests that changes in the nature of that underlying equilibrium may cause the assignment of power between king and council to be revised if circumstances change, and it becomes clear that conflict between organized interest groups (the nobility, church authorities, guilds, major land holders, and laborers) and a hierarchical organization (king) would have generated a different equilibrium apportionment of power under the unabated power struggle game.⁸

4. The Division of Power: Agenda Control and Veto Power within the King and Council Template

One formal method by which policy-making power may be shared within the king and council template is that of granting one branch of government agenda control (on a specific policy) and the other veto power. At first reflection, such a division of power may seem too coarse to serve as a bargaining solution for the wide range of political circumstances imagined above. However, further reflection reveals that power sharing can be finely divided in this manner if agenda control and veto power are assigned in different ways over different *subsets* of the public policy domain, while at the same time allowing one or the other branch of government to exercise complete autonomy in other policy domains.

For example, in the United States the Congress (“council”) has agenda control over legislation and the President has veto authority; while over international treaties and appointments of top executive officials and judges, the President has agenda control and the Congress has veto control. In the areas of foreign policy and military strategy the president has extensive policy-making power. Similarly, in many 19th century European parliamentary systems, the king often retained control over the appointment of ministers and foreign policy, while domestic matters were jointly controlled by the King and parliament. During the past two centuries, many of the areas of royal authority became joint with parliament, e. g. foreign policy, and subsequently were completely transferred to the parliament’s domain.

Distributing veto and agenda control powers among branches of government for specific policy areas may have significant effects on policy outcomes in both the short and the long run, although this is also less apparent than one might at first expect. The analysis below demonstrates that both the initial policy position, and the specific assignment of agenda control and veto power can influence policy decisions, especially in the long run.⁹

4.1. *Veto and Agenda Control with Decisive Councils*

Many of the potential effects of assigning agenda and veto power among the king and council can be analyzed using Fig. 1. Fig. 1 depicts the preference profile of a decisive three member council composed of members A, B, and C; and the king, K. The ideal policy combinations for each is denoted with a capital letter. Distance from their respective ideal points is assumed to characterize each person’s rank orders of alternative policies.

To see the importance of the initial policy position, consider the case where the reversion policy is the king’s ideal point K. In this case, granting the council veto power or agenda control has no effect on policy. If the king has agenda control, he proposes K, which confronts the council with a “choice” between K and K. Clearly K continues as the law of the land regardless of whether the council vetoes the policy or not. If the king has veto power and the council has agenda control, he may veto any proposal made by council to move away from K. A similar conclusion would hold for policy B in the case where the council has either agenda control or veto power to the executive when B is the reversion point. (B is the median voter of the council, and B’s ideal policy will be chosen if the

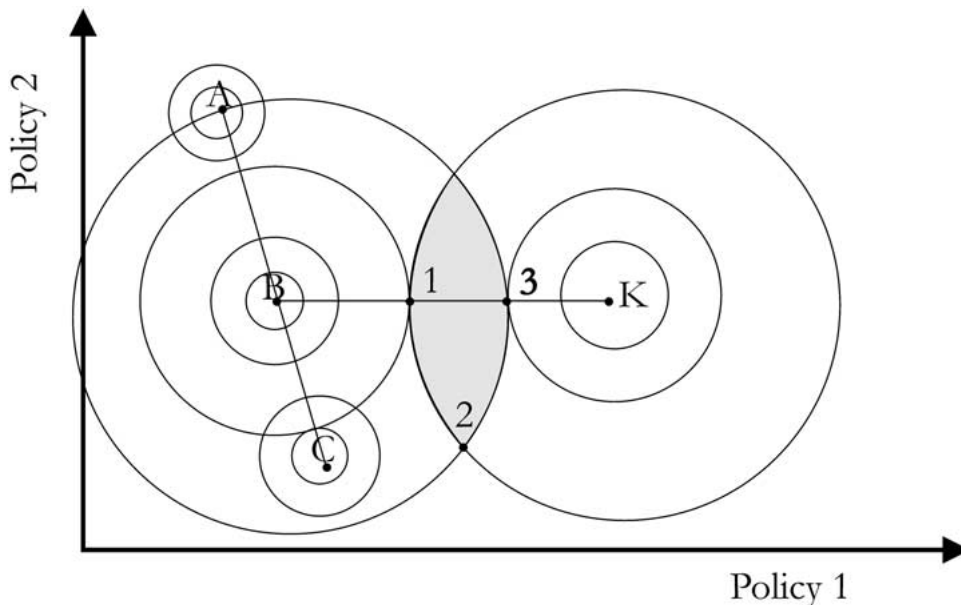


Figure 1. Effects of veto and agenda power.

council makes its decisions using majority rule.) The pivotal council member can simply block any policy proposal by the king that attempts to move away from policy combination B by using veto power or agenda control to block any change in the status quo.

Either branch of government's ideal point can be defended by that branch as long as it has either veto or agenda control. Consequently, in a stable setting it is clear that a dominant branch of government can give the other branch direct power over policy, "consent," without affecting policy in the short run. In economic terms, devolving veto power or agenda control to the weaker branch of government is very inexpensive for the stronger branch, at least in the short run when the political setting is stable. The willingness of the other branch to trade much for such authority would obviously be fairly limited unless the weaker branch has a *relatively longer* planning horizon, or the possibility of exercising power is generally believed to increase the prestige of office, which seems likely.

In the long run, political circumstances may change in a manner that affects the preferred policy combination of the chamber initially favoring the status quo. And, it is because of such changes in policy preferences, as well as the emergence of generally new areas of policy, that the transfer of veto or agenda power from one branch to the other is generally more significant in the long run than in the short run.

To see this, suppose that political circumstances change because of technological or political shocks that change the ideal points of both council members and the king. (Such a

shift does not require a change in tastes, only in the perceived consequences of the policies.) In this case the status quo, reversion point, may resemble a policy combination similar to that labeled “2” in Fig. 1, which can now be interpreted as the *previous* ideal point of the stronger branch of government. In the absence of a veto by the weaker chamber, the stronger chamber would simply adopt its new ideal point as the official policy of the realm. However, an honest application of the weaker chamber’s veto power now will block such moves. Policy combination 2 is preferred by the king to B, and by the median council member to K. The policies that might be proposed and not vetoed are identified by the shaded lens or football shaped area.

The best result that a king with agenda control can achieve is policy 3, given the veto power of the council. While in the converse regime, the best policy that an agenda setting council can hope for is policy 1, given the veto power of the executive. In these circumstances, it is clear that both agenda setting and veto power have significant effects on policy outcomes. This possibility of political shocks also suggests that *agenda control* allows a branch of government to better advance or protect its interests through time as policy circumstances change, although this will be affected by the bargaining solution that finally obtains.

This illustration also suggests that *policy shifts are moderated* by the king and council organizational form as technological and policy shocks arise. Elementary geometry implies that the policy shifts induced by political shocks are generally smaller, and can not be larger, than those which would have been associated with either pure form of government. (A movement from 2 to either 1 or 3 is smaller than a movement from 2 to either K or B.) Insofar as stable policies tend to promote economic growth *by making the legal framework more predictable for both firms and consumers, the king and council template may be said to promote economic development in an uncertain world.*

4.2. Veto Power and Agenda Control with Non-Decisive Councils

Consider now the cases where the council is *non-decisive*, or weak, in the public choice sense that no pivotal voter exists. In this case, only one division of agenda control and veto power is really feasible, that is to say only one part of government is actually capable of making policy decisions. To see this consider the geometry of Fig. 2 in which the preferred policies of council members are such that they can not make a definitive decision because of majoritarian cycles. Every possible proposal can be defeated by some counter proposal, before it is put into practice by the executive. Such cycles would be observable to those outside government as a lack of decisiveness. Such a democratic council can not exercise agenda control since no stable or series of majorities can agree on ideal policy. In this case, the executive branch can use either agenda control or the executive veto to stabilize the government policies. (This is the case explored in Carter and Schap 1987.)

Fig. 2 illustrates the potential power of agenda control by the king in the setting where the council can not settle on a specific policy recommendation. Suppose, as above that some political or technological shock has changed the ideal points of the council and/or king so that the status quo policy is no longer near the ideal points of the king, nor in the

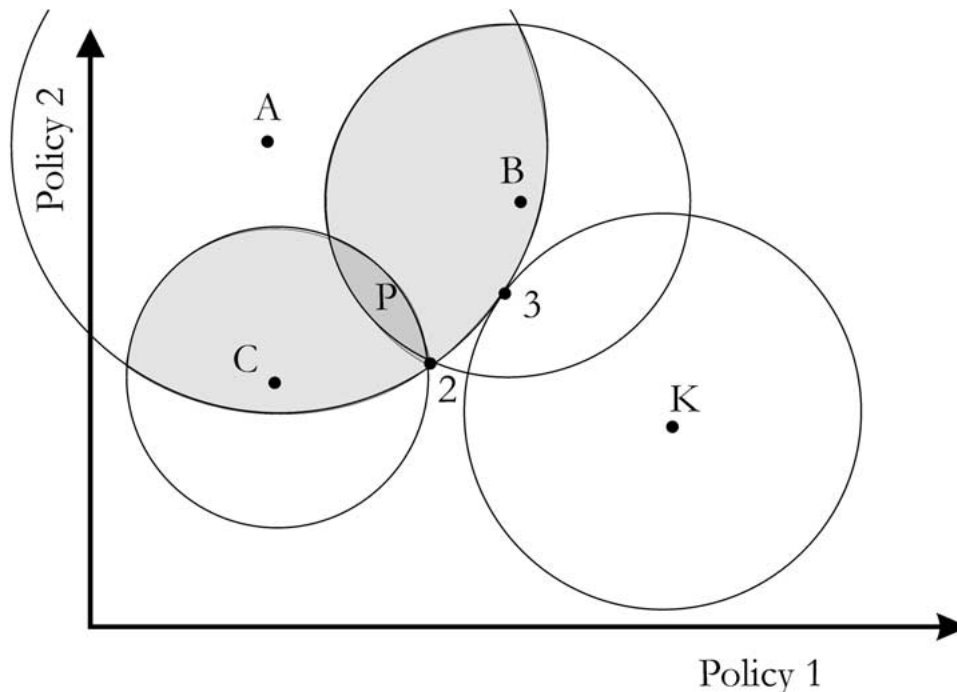


Figure 2. Agenda control with a weak council.

Pareto set of the council. Assume, for purposes of illustration that the status quo is policy 2, which is Pareto-dominated among council members by policies within lens-shaped area P. Note that a king with agenda control can propose policy 3 which will secure majority approval over policy 2.

Moreover, if a series of policy proposals can be voted on, the non-decisive distribution of voter ideal points is such that the king may now, potentially, secure his own ideal policy combination—not withstanding the veto power of the council. In effect the king can play the three council factions off one another in a series of policy refinements leading to his preferred policy (McKelvy 1976).

How long this might take in real historical time is clearly a matter beyond the scope of the present analysis, but this possibility does suggest that a strong (forward looking king) faced by a weak (non-decisive) council can offer veto power or agenda control in exchange for council acquiescence on other pressing issues or as compensation for service to the crown at a relatively low cost in stable political and technological circumstances. The mere *appearance of power* may make council membership a more impressive positional good and allow the king to secure a talented council at low cost. It may also serve to legitimize the regime the citizenry among insofar as they believe their interests are represented by the legislature.

The executive's risk is limited to cases where a council becomes decisive (has a median voter or other undominated policy preference) and where his political circumstances change in a manner that substantially affects his preferred policies.

In cases where the king has a shorter planning horizon than the council, as in a royal emergency or crisis of some kind, a forward looking decisive council can rationally make current policy concessions in exchange for expansions of their long-term power to veto or control the agenda. In the long run, because of unanticipated political shocks, such a council can secure greater power over policy than even a hard pressed king would have agreed to in the short run.

4.3. Historical Examples of Bargains between Kings and Their Councils

There are many historical examples of formal agreements conferring power to councils and parliaments in European history. For example, in the thirteenth century, several social compacts between kings and major land owners were signed that formally established bipolar governments. A council of barons with veto power over royal edicts was established in 1215 in England, and a royal council with veto power over taxation was established in 1319 in Sweden. In both cases, a king's financial requirements caused him to have relatively weak bargaining positions. Such circumstances allowed advisory councils to increase their control over the kings taxation policies both in the short and long run. For example, the English King, John, granted some continuing veto power to the baronial council in exchange for reduced resistance to his rule.¹⁰

After a period of absolutism during which many councils were reduced to advisory roles during the 17th and 18th centuries, several European kings granted limited veto power to (narrowly) elected parliaments in the 19th century, as a means of reducing resistance to royal policies within both the elite and ordinary citizens. For example, a constitutional monarchy was established by Louis XVIII in 1814 with an elected Chamber of Deputies chosen by an electorate composed of very wealthy land owners. The King of Denmark established the Advisory Provincial Assemblies in 1834, and formally ceded additional power to the legislature in 1849 under a new constitution. New bipolar constitutional arrangements were also adopted in the Netherlands in 1814, in Belgium in 1831, in Sardinia-Piedmont in 1848, Prussia in 1850, in Greece 1864, and in Japan in 1889.

In most of these cases, the constitutional documents characterized parliaments that had very limited policy-making powers and whose members were elected via quite narrow electorates.¹¹

The division of control over legislation was modified from time to time as the bargaining power of parliament improved relative to that of the king. For example, in 1830, the French Assembly passed a vote of no confidence in the government appointed by the king. The king, Charles X, called for new elections hoping for a new more congenial assembly membership, but the new legislators affirmed the earlier decision of the Assembly. The result was a minor shift of power to the chamber (renamed the Constituent Assembly) and the king (now Louis-Phillipe) agreed to abide by the new balance of power.

Similar transfers of power from the king to the parliament were also evident in countries with well established parliaments, as in Denmark, the Netherlands, Sweden and England,

during the late nineteenth century. The king and council template continued in place but with a gradual expansion of suffrage and increase in the policy making power of parliament relative to the king.

5. An Evolutionary Path to Parliamentary Democracy

The previous section of the paper suggests that in many circumstances a king can grant a parliament policy-making authority at an initially low expected cost. Thus, one can imagine circumstances in which a king with an advisory council would voluntarily grant his council a veto over tax or other policies as a method of obtaining support or service from council members on issues where their support can be a significant advantage in the short run, perhaps even during a king's entire lifetime. The reverse is also true insofar as a decisive council can in similarly stable circumstances grant "special" or "emergency" powers to the executive branch at a similarly low cost in the short run insofar as it retains veto or agenda control.

Together, these suggest that a series of random political shocks would cause the division of power between king and council to behave more or less as a *random walk* through time. During some periods the executive will increase its control over policy, and at others the council will increase its power as political shocks change the bargaining positions of king and council as well as the reversion points of policy. Through time, one would expect to observe all constellations of power within a single polity, as has been the case for many nations in Europe.

Sometimes, changes in the balance of policy making power shifts very rapidly. For example, the balance of power between the English king and parliament in 1630 was one with a dominant king, policy-making was dominated by parliament in 1650, and characterized by an intermediate form of the bipolar template in 1670, with both king and parliament retaining policy-making power. The Glorious Revolution of 1688 shifted additional power to the parliament, but retained the bipolar template (Morgan 1997: 310, 326, 334; North and Wiengast 1989: 817). Sweden began the 18th century with policy-making power concentrated largely in the king, followed by a period with a dominant parliament, the so called "age of freedom," from 1719–72. Sweden closed the 18th century with a king-dominated government and the restoration of royal prerogatives after 1789 by Gustav III (Wiebull 1993: 53, 61, 74). Nineteenth-century France experienced a king-dominated bipolar government from 1814–48 with a gradual shift of power from the king to the assembly, followed by an assembly dominated government in 1848–1851, autocratic rule from 1852–70, and finished the 19th century with the third republic and parliamentary dominance.¹²

Yet, political and technological shocks may not always be completely random. For the past century and a half, there has been a worldwide trend toward council/parliament dominated forms of the king and council template. One explanation of this recent trend is that a series of changes in the circumstances confronting kings has led them to gradually bargain away most of their control over policy in exchange for favorable policy decisions on pressing matters, reduced resistance to policies that serve the king's immediate interest,

and/or a continuation of royal lifestyles. Three sorts of shocks have recently favored democratic evolution.

Genetic shocks. One systematic source of drift toward council domination of policy formation is variation in the talent or planning horizon of kings through time. Insofar as competition for membership in the council or parliament is more open than that for king—particularly in dynasties—the talent of the council tends to be high and fairly consistent through time. On the other hand, the vagaries of training, tastes, and breeding imply that the talent and interests of the king would vary considerably through time. (There is substantial evidence of reversion toward the mean in the children of talented persons.) Alternatively, a succession of kings may, because of their own immediate interest in revenues or leisure, simply allow a relatively talented council to make more and more policy decisions directly. A weak or disinterested king may be simply out-bargained by a very talented council. (A parliament's bargaining power is often increased by the unexpected death of a king, as with that of Karl XII in 1718.) Insofar as the occasional farsighted or very forceful king is unable to fully recapture the authority given up by weaker rulers—perhaps because of deference to traditions or precedents that help legitimize state authority—genetic shocks generate a systematic drift toward council control—other things being equal.

Technological shocks. Technological changes, in principle, may affect the relative cost of maintaining control over the polity in a manner that favors either pole of a bipolar government. Patterns of trade may cause wealth to be more or less concentrated among elites, and also affect the royal household's interest in raising funds via taxation. The cost of alternative forms of monitoring and control can increase or diminish the importance of broad public support. Changes in the complexity of policy analysis may make relatively more representative councils informationally more or less superior to less representative councils.

Recent technological shocks have favored parliament. Many of the same innovations in organization, transport and communication that allowed hundreds and thousands of persons to be organized into productive industrial concerns have also be used to organize other large scale organizations: unions, political parties, and large interest groups. Industrialization tends to take place in towns and cities, and the greater population densities of cities allows industrialists, tradesmen, and laborers to more easily organize to resist the policies of a king and unrepresentative councils. Moreover, with the advent of the industrial revolution the policy consequences of taxation, regulation, and torts became relatively more difficult to assess, but relatively more important to the economic development of the polity, which increases the informational advantages of representative councils.¹³

Insofar as shifts of power between king and council reflect changes in the ability to exert effective political pressure through resistance and advocacy, industrialization tends to favor democratization—an increase in the range of policies decided by (a more broadly elected) parliament.

Ideological shocks. Changes in the positive and normative theories of governance may also affect the costs of control and resistance by changing the norms against which current institutions are judged. That is to say, changes in ideology which undermine the legitimacy of king-dominated end of the king and council continuum tend to reduce the productivity

of efforts to maintain control or produce what Wintrobe (1998) terms “loyalty.” The ideological shifts of the past two centuries have often directed previously unorganized groups or individuals toward common interests which reduce organizational costs. The liberal, union, and socialist tides that took place in the industrialized societies of the 19th and 20th centuries clearly helped to motivate a wide range of public demonstrations and affected the opinions of those in government as well. Belief in the divine right of kings was gradually replaced with the ideals of popular sovereignty and universal suffrage.

Recent ideological shifts tended, on balance, to increase resistance to the king’s policies both inside and outside government, increasing the bargaining power of parliament and yielding new arrangements for power sharing. These changes in the division of power were not always through violent means. And, even in those cases where violent rebellions played a role, as in France, the dead weight loss of conflict was often reduced by trading formal power for acquiescence in a manner that was broadly advantageous to both the king and council under the new circumstances.¹⁴

Of course, both technology and ideology may also move in directions which favor rule by a strong leader, in which case power would tend to shift back toward the executive branch of government. This often happens during times of national crisis. Here a council may cede authority to the executive branch as a means of increasing decisiveness or, in a few cases, the perceived legitimacy of parliament.¹⁵ Moreover, one can imagine shifts in information processing technologies that allow a talented king to rely less upon a council for policy advice.

However, on the whole, the pattern of all three of these classes of political shocks have broadly favored the transfer of power from kings to parliaments for most of the last two centuries.

In such historical circumstances, it is clear that *democratic institutions may evolve* directly from the king and council template without major revolutionary events, or civil warfare, as policy-making *powers* are gradually shifted to the parliamentary branch of government and the franchise is extended. The emergence of democratic forms of governments throughout most of Europe, Canada, Australia, Taiwan and Korea are broadly consistent with this evolutionary scenario.

Such relatively peaceful incremental transitions from authoritarian regimes with advisory councils to parliamentary democracies are implicitly ruled out by analysts who neglect the intermediate range of the king and council template. The discrete models suggest that the emergence of democracy requires a radical change in governance by implicitly ruling out the possibility of a gradual reassignment of policy-making power among existing branches of a bipolar government. The bipolar continuum analyzed in this paper allows democracy to emerge gradually as policy making power is gradually shifted from king to a broadly elected council.

6. Conclusion

A large portion of the public choice literature has analyzed the properties of alternative forms of democratic government to select public policies. A smaller but

significant body of research has analyzed the properties of dictatorship and noted advantages and disadvantages of that form of government. This paper has begun the task of analyzing the continuum that lies between these two pure forms of government. Both theory and history suggest that a convex combination of these two extreme forms of governance may have advantages over either extreme. That is to say, in economic terms, the king and council template appears to be a concave technology for producing government policy.

The king and council template makes relatively more effective use of information, and tends to generate policies that are relatively more stable through time. Moreover, as a constitutional template, bipolar governance allows the reassignment of power between the executive and parliament without requiring wholesale reforms of fundamental constitutional structures. The king and council template promotes continuity in both ordinary law and in constitutional law.

Beyond providing an efficiency explanation for why we rarely observe kings without councils or councils without chief executives, the analysis suggests that the balance of policy-making power between king and council will be affected by exogenous political and technological shocks that change the relative bargaining power of the two branches of government. Genetic shocks may place relatively untalented or inexperienced persons at the head of state. Technological or ideological shocks may encourage the formation of new or better organized groups outside of government with enhanced ability to resist or influence policy implementation. These politically relevant shocks may make one or the other branch of government worse off, but the new circumstances will often provide new unrealized gains from trade that can be realized by trading policy-making power for short-term, policy agreements, or in order to reduce losses from conflict.

The evolutionary model presented above is not meant to undermine the existing body of work in CPE. Modern constitutional analysis has focused a good deal of attention on constitutional conventions organized between more or less equal individuals for the purposes of establishing a state or society, *de novo*. These analyses provide constitutions based on popular sovereignty with a strong normative foundation that can help legitimate modern governments insofar as they demonstrate that existing constitutions potentially could have been adopted unanimously by such conventions. Moreover, these analyses clearly have some basis in fact. Many constitutions are direct consequences of constitutional conventions initiated after successful revolutions that created opportunities to design a new government whole cloth, as in the United States, South America, and to a lesser extent France. The constitutional convention model captures many essential features of revolutionary moments in political history.¹⁶

However, in many other cases, national constitutions reflect a long period of negotiations and struggle between their king and parliament, rather than revolutionary moments at which instruments of governments were drafted whole cloth. Indeed, the present balance of power within countries that have revolutionary origins also generally reflects the effects of numerous informal and formal amendments that gradually shifted the balance of power between the executive and legislative branches of governance. The bipolar model of government suggested here allows such evolutionary changes in the

power of the legislature and executive branches of government to be recognized and analyzed in a manner that is difficult to accomplish within the revolutionary model of constitutional change.

It also bears noting that the normative properties of the bargaining model of policy-making power within the king and council template differ from those of the more studied constitutional convention model. There is no presumption in the present analysis that the agreements reached are social contracts in the sense used by modern contractarians. Since many of these agreements involve only a small number of the persons affected by governmental procedures, no claim of general Pareto efficiency can be associated with the fluctuating balance of policy-making power between king and council. All that is claimed is that shifts in the assignment of power between kings and their councils make those in government better off than they would have been without them, in the circumstances faced.

On the other hand, the analysis as a whole does suggest that the king and council template is a relatively efficient method of governance. It is for this reason that both rational rulers and constitutional conventions often adopt collective choice procedures that divide policy-making responsibilities between a single executive (king, president, prime minister, cabinet) and a committee (council, congress, assembly, parliament). And it is for this reason, that the king and council constitutional template is so durable and so nearly universal in its application.

Appendix A. Ignorance and Policy Choice

Consider the case where some policy parameter is to be chosen. Suppose the policy of interest has two kinds of relevant effects, but the king is well informed about only one of these. ΔT might be the revenue effect of increasing taxes on a given tax base; ΔY might be the effect of the tax on the tax base. If the king is essentially ignorant about ΔY , the king can not directly consider that effect when choosing his tax policy. Clearly, if ΔY has relevant effects, the king's decision in ignorance of ΔY can be mistaken, *systematically mistaken*.¹⁷ Ignorance allows the possibility of systematic mistakes. A lack of information is a more serious problem in this case than in the finite sample case addressed in the RE section.

Table 2. Effects of ignorance on policy predictions and choice. Choice when ignorance does not matter.

Predicted Effect on T	Predicted Effect on Y		
	None	Moderate	High
none	A	A	A
moderate	A	A	A
high	A	A	A

Table 3. Effects of ignorance on policy predictions and choice. Choice when ignorance matters.

Predicted Effect on T	Predicted Effect on Y		
	None	Moderate	High
none	D	B	B
moderate	A	A	B
high	A	B	C

Table 2 and Table 3 characterize two different policy settings: one where ignorance does not significantly affect policy choices and one where it does. The king is assumed to be choosing from among four policies A, B, C, and D. The particular effects of those policies on ΔT and ΔY lead the king to prefer the policy listed in the tables.

In Table 2, the king's policy choice is essentially unaffected by the kind or extent of the king's ignorance. Knowing either the effect on Y or the effect on T will lead the king to adopt the same policy. The case where ignorance does not affect policy decisions is clearly limited to matrices that resemble Table 2. This is a surprisingly restrictive subset of policy choices.

Table 3 illustrates a political setting where knowledge of both ΔT and ΔY affect the king's policy choice in the sense that every combination of policy consequences leads the king to prefer different policies. Ignorance often generates sub-optimal policies in this context. For example, ignorance of ΔT causes the king to choose along the options in the first row where policy B often dominates. Ignorance of ΔY causes the king to choose among the options in the first column where policy A often dominates.

More complete information leads the king to change his policies from A to B, or B to A, or to some entirely different policy being adopted, for example C—which otherwise would have been considered an inferior policy. In Table 3, bringing to the king's attention the existence of $\Delta Y = \text{high}$, when $\Delta T = \text{high}$, causes him to shift from policy A to policy C. Clearly any advice from council that reduces the king's ignorance allows him to avoid systematic mistakes of the sort implied by Table 3.

Notes

1. A previous version of this paper was presented at the Millennium Plenary Session of the European Public Choice Society Meetings in 2000. The author would like to thank several participants of that session, Gordon Tullock, Dennis Mueller, Robin Hanson, and two anonymous referees for a variety of helpful comments and suggestions.
2. It is difficult to pin point the date at which councils and tings evolved into parliaments. For example, the roots of the present English parliament extend back beyond the thirteenth century to the ancient Great Council (Magnum Concilium) which was composed of lay and ecclesiastical magnates. The Great Council met with the English King on affairs of the realm, including taxation. The Magna Charta of 1215 formally established an elected council of 25 barons to monitor and enforce the implementation of that 1215 compact between the English King, Church, and nobility.

Similarly the parliament of Sweden (the Riksdag) evolved out of the ancient Scandinavian and German institution of the Ting that had powers similar to the Great Council. *Tings* (ting, lagting or althing) combined aspects of modern judicial and legislative branches of government. Tings were deliberative assemblies that met at regular intervals to settle disputes, to pass sentences on law breakers, and to elect kings. A new formal Swedish council was established by law in 1319 at the time that Magnus Eriksson was elected king, in exchange for oaths of fealty by the great men of the realm. Council members had veto power over taxation and some policy decisions. The legal origin of the modern Swedish parliament (the Riksdag) is somewhat clearer than its historical development insofar as the Swedish parliament was formally established by the Riksdag Act of 1617. The latter, much modified, continues to the present day. See Petersson (1994: 6), Weibull (1993: 22), Holmberg and Stjernquist (1995: 12), or Congleton (2001B, 1,3).

The French Estates General also originated around 1300 at which time the King (Phillip the Fair) called representatives from the nobility, burgers, and clergy to form a grand council which was consulted for all major decisions. A smaller group composed of judges and lawyers, the "Parlement," was also consulted on a more regular basis. That group remained relatively influential throughout French history. Prior to the modern period, the various judiciary parlements served as the main check on the king's authority. The Estates General played a significant, but lesser role during the time prior to the French Revolution. See Bély (1998: 33, 58, 62, 75).

Palmer and Colton (1965: 31) suggest that more or less similar representative institutions emerged throughout Europe during the 13th century. These assemblies were called variously Cortes in Spain, Diets in Germany, Estates-General in France, and Parliaments in the British Isles.

The use of bipolar governments clearly predates medieval Europe. Evidence of this is provided in Aristotle (1962) who discusses the merits of blended or mixed forms of government. See, for example, his Book 4 Chapter 12 or Book 5 Chapter 8 his *Politics*. Aristotle's discussion is empirical based. This group engaged in an extensive analysis of the constitutions of Greek city states. Although most of that work has been lost, it is evident throughout the *Politics*.

3. It is clear that when constitutions are considered social compacts, bargaining power and original circumstances are likely to play an important role in constitutional design. For example, Buchanan and Tullock (1962) demonstrate that the particular collective choice mechanisms that will be agreed to will tend to vary with the particular choice setting in which the policy-making method will be applied. Voigt (1999), extending Buchanan (1987), suggests that bargaining processes and bargaining power be taken seriously in institutional analysis. The analysis below demonstrates that a bargaining model of institutions together with a particular "template" for constitutional design can explain a good deal of constitutional history.
4. The implications of elections to select presidents and legislators is well analyzed by the existing public choice literature that focuses on how different membership selection processes and electoral decision rules may affect committee choices. See, Mueller (1989) for an extensive survey of that literature. Schap (1986), and Carter and Schap (1987) analyze one form of bipolar governance where the executive can veto the decisions of the legislature.
5. The more extensive information set of such extended or representative councils partly reflects differences in backgrounds (military, business, church, agriculture), partly chance events which bring before them different bits and pieces of knowledge, and partly talents that lead councilors to more efficiently collect and process information. These natural differences can be magnified when specialization among councilors is encouraged. Although every councilor may be ignorant about some policy consequences that the king is well versed in, their areas of ignorance would not entirely overlap. (In the context of the model developed in the appendix, some may specialize in information about ΔY and other about ΔT .)
6. A similar information based argument can be constructed for appointment of a chief executive by a council that has complete control over public policy. Generally a chief executive or administrator will have in the ordinary course of his affairs much greater knowledge of the specific details of policy implementation than any external council member would be inclined, or able, to assemble. A chief executive directly participates in the execution of government policy and therefore acquires relatively complete and detailed knowledge of the process of implementing policy. Insofar as competition to retain the post of chief executive arises (and obviously it would) investing in such knowledge will itself be a competitive activity. In this manner, a chief executive or a subset of the councilors (the "prime" minister) may become experts about procedures and possibilities for implementing policy generally, or in specific policy areas.

Both the chief executive officer and the chief financial officer of private firms are often members of a company's board of directors. Of course, in many cases the CEO or a king may create a council and appoint himself as a member of it—often with agenda control.

7. It bears noting that this setting departs somewhat from the initial position imagined by many contractarian theories of the state insofar as the parties to the new instrument of governance are not necessarily equal, nor are all affected parties necessarily consulted. Only a relatively small subset of the most powerful members of the polity are necessarily consulted or agree to a new allocation of policy-making powers—essentially the parties to the original conflict.

Consequently, the resulting division of power may lack the normative appeal of the social contracts analyzed by Buchanan and Tullock (1962), Rawls (1971), or Buchanan (1975). However, such contracts none-the-less reduce the deadweight loss of governance, and also tend to make the political process more representative than would have been the case had the stronger party “simply” conquered the weaker.

8. An effective collective choice mechanism does not generally eliminate all losses from conflict, but reduces the cost of conflict by encouraging the use of more “civil” forms of social choice (Congleton, 1980). Persuasion and coalition building may replace warfare on the battle field, assassination and counter assassination, or tax avoidance may be replaced by tax compliance when less confiscatory tax instruments are used to raise revenue (Hobbes, 1959, Bush, 1972, and Buchanan, 1975).
9. David Schap (1986), has previously examined cases where veto power may affect policy outcomes in a setting where the legislature has agenda control and the executive has veto power. In most cases, his analysis examined bargains regarding new areas of policy, which as demonstrated below are the ones where the distribution of veto and agenda control are most important.
10. In most cases, the early European parliaments were composed of representatives of important and well-organized groups (noblemen, church officials, and other major land holders).

The famous English compact, the Magna Charta, was originally negotiated to protect the interests of the barony from the powers of the central government created by the previous king, Henry II. The rights of the Magna Charta were gradually extended to include lessor land owners, merchants, and eventually the non-propertied classes O (Strayer and Gatzke, 1979).

In the Swedish case, the Letter of Privilege of 1319 was less an agreement between a king and council than agreement among the Swedish elite to constrain a very young (three year old king). However, the document which the Swedish elite agreed to become generally accepted as the law of the land, as the first Swedish Constitution (Wiebull, 1993).

As noted above, informal forms of bipolar government predate these formal documents. For example Petersson, 1994, notes that somewhat representative councils played a role in making legal judgments and electing the kings in Sweden, Norway, Germany, and Denmark for many centuries prior to the establishment of written instruments of governance.

11. A good deal of constitutional history is now available on the world wide web. See for example: <http://www.um.dk/english/danmark/danmarksbog/kap1/1-9.asp#1-9-1> for an overview of Danish constitutional history. See <http://www.uni-wuerzburg.de/law/> for a very complete listing of modern constitutions and brief constitutional histories.
12. A major reform in the French bipolar template was adopted in 1848 with an elected president replacing the king as the executive. This reform was not a peaceful transfer of power from the monarchy to the parliament, but followed a major revolt in Paris. However, in what must have been an unpleasant surprise to those who had caused the new constitution to be adopted, the first election of the new second republic produced a monarchist super majority in the legislature (this under universal male suffrage!). Such electoral preferences allowed the balance of power to shift back to the executive. Prince Louis-Napoleon was reelected president by an overwhelming popular mandate in 1851.

However, a year after his election to a ten year term under the new constitution, President Louis-Napoleon declared himself emperor and adopted the name Napoleon III. A bicameral assembly continued to meet during his tenure, one chamber of which was popularly elected with universal male suffrage. (See, Strayer and Gatzke, 1978.) However, in the words of Colton and Palmer, 1965: 411: “For the first time since 1815 France ceased to have any parliamentary life. It was ruled by a dictatorship, more demagogic,

- more calculating, more hollow and more modern than any that the first Napoleon had ever imagined.” (A good overview of this period of French constitutional history is provided in Palmer and Colton, 1965: 444, 456, 476, 579; see also Bély, 1998: 90–96.)
13. Evidence of the importance of technological developments for political organization is developed in Dudley (1991, 2000) who provides a nice historical analysis of how informational technologies can affect the size and scope of national governments. Although his analysis emphasizes institutional revolutions rather than the evolution of governance, his analysis of the importance of information technologies is very much in spirit of that developed here.
 14. Mommsen (1995: 11–14) among others suggests that the German Constitution of 1871 was adopted by Bismark in large part to counter liberal and socialist pressures that were emerging in the rapidly industrializing Germany. Considerable power was transferred from the monarchs of Sweden and the United Kingdom to their respective parliaments during the 19th century without significant bloodshed or departures from the rule of law. (See Morgan 1997, Verney 1957, or Voigt 1999a, b).
 15. In cases where a council/parliament is decisive it is by no means clear that shifting power to the executive would increase the government's ability to respond to rapidly changing developments. On the other hand, in cases where relevant policies seem to be in areas where the council is not decisive, it is clear that ceding policy-making authority can be in the interest of council members as well as the executive.
 16. Kuran (1989) demonstrates how public opinion can rapidly switch from one preferred policy or form of political organization to another as a consequence of differences between public and private preferences generated by conformitive pressures. Wintrobe (1998, ch.11) develops a theory of the emergence of dictatorship as a consequence of democratic inaction.
 17. It bears noting that in essentially all policy areas, many types of knowledge are irrelevant, and rational or natural ignorance would not affect policy decisions in such cases. For example, if $\Delta Y = 0$, tax policies would not significantly be affected by knowing this rather than *implicitly assuming this out of ignorance*.

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