Schofield, N., 2009. *The Political Economy of Democracy and Tyranny*.

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In the analysis of political decision-making, two different modes can be distinguished: Following the paths set by Anthony Downs, Duncan Black, and Kenneth Arrow, economists have focused on voting as a process of preference aggregation. On the other hand, research inspired by the Marquis de Condorcet and his Jury Theorem has emphasized the component of belief or judgement aggregation. When the behavior of individual voters is exclusively driven by their policy preferences, models of electoral competition in a more than one-dimensional policy space tend to predict either instability, or the existence of mixed strategy equilibria where vote-maximizing parties, or candidates, will adopt identical positions close to the 'center' of the voter distribution. The fact that both these predictions are apparently at odds with the moderate divergence in many real world political systems gives weight to the role of judgements in political decisions and motivates the project of creating models which integrate preferences and beliefs.

Such a model takes center stage in *The Political Economy of Democracy and Tyranny*: Schofield enhances a stochastic spatial voting model of multiparty competition with 'beliefs' in the form of valence, referring to voters' non-policy-related perception of candidates' competence, charisma, authenticity, etc. While a candidate's valence is partly intrinsic or exogenous, it may also depend on ac-

tivists' willingness to contribute time and money which, in turn, is assumed to be a function of the candidate's policy position. The key idea is that, in a vote-maximizing local Nash equilibrium of the position-taking game (a global equilibrium does generally not exist), the centripetal pull towards the center of the voter distribution is balanced against the centrifugal pull caused by differences in candidates' valences. The latter are twofold: First, low exogenous valence may induce a candidate to offer a non-centrist platform as he would lose by staying at the electoral center together with higher-valence candidates. Second, since the various activist groups of a candidate have usually more extreme policy preferences than the average voter, the desire to secure their support makes the candidate move away from the center, and, the lower his relative intrinsic valence, the more pronounced this effect will be. It is thus intuitive that an equilibrium vector of candidate positions will coincide only under rather strict conditions with the mean voter position. If only exogenous valence is included, the tendency of the system to diverge from the electoral mean can be summarized very neatly by means of a convergence coefficient that is determined by the valence differences, the variance in voters' preferences, and the stochastic 'noise'.

One very appealing aspect of the book is that the innovative theory is immediately

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submitted to empirical tests. Schofield considers elections in the United States and the United Kingdom, as well as the parliamentary systems of Israel, Canada, the Netherlands and Turkey. With regard to the United States, he first provides a narrative of the events leading up to the election of Lincoln in 1860, and then makes use of the formal model to give an account of the slow rotation of the policy positions of the Democratic and the Republican parties in key presidential elections from 1860 to present. For the multiparty democracies, the model (with exogenous valence) is used to estimate equilibrium party positions from socio-demographic and survey data. Generally, the analyses make clear that convergence to the center is not to be expected. Yet, they would be even more convincing if computations were made more transparent and if some information were given on the selection among the – presumably – multiple local Nash equilibria. While the theoretical prediction approximates actual locations (according to surveys) quite well in some cases, e.g. Israel 1996, discrepancies arise in others, e.g. the Netherlands 1977. The existence of more divergence than predicted on the basis of the spatial model with exogenous valence may be attributed to the influence of various activists. This makes the role of activist valence somewhat reminiscent of that played by technical progress as a 'residual factor' in growth models.

The formal model also serves as a starting point for the discussion of non-democratic forms of governance in the second half of the book. Rather than adapting to the preference distribution of the electorate, non-democratic rulers need the support of a 'selectorate', i.e., those groups in society or factor holders that simply cannot be 'passed over'. Similar to a candidate for office under democracy, the leader in an authoritarian regime or the dictator is less dependent on 'activist' resources, the greater his overall intrinsic valence. Nevertheless, I feel that both the popular and the activist support for a democratic leader is qualitatively different from that which 'tyrant' may enjoy. With its focus on the effect of different 'elites' on political action, the model can certainly be applied to study the question of how transitions between 'tyranny' and democracy occur. Yet, although these social forces are undoubtedly important, political decision-making is also shaped by particular individual leaders or, in the case of non-democracies, rulers, whose impact may be best described as altering the political space of the populace (but see Schofield's earlier book on these *Architects of Political Change*). Another vital determinant of decision-making are the political forms or institutions. To me, it is unsatisfactory that the formal model glosses over the vast disparity between the institutions of democracy and 'tyranny'. Could it help, for example, to illuminate how a democracy can control and reconcile divisions between different social groups that might otherwise lead to its collapse, or which circumstances contribute to the rise of dictatorships?

So far, I have touched upon what I think are the core ideas and results of the book. Furthermore, *The Political Economy of Democracy and Tyranny* contains various case studies on authoritarian and totalitarian regimes, e.g. the Argentine Junta government and the Soviet Union, which are, however, not closely linked to the formal analysis. It also includes discussions of other topics such as why people vote, or the conflict between liberty and secu-

rity. A number of co-authors contributed to these parts of the book. At the end, Schofield offers a big picture of the challenges to be dealt with by citizens and political leaders in the very near future.

Altogether, this is a very interesting book that gathers and extends some of Schofield's more recent work. It offers a host of fresh insights and valuable methods for investigating political decisions.

Reference

Schofield, N. (2006). *Architects of Political Change: Constitutional Quandaries and Social Choice Theory*. Cambridge, Cambridge University Press.