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Exit-voice, possibilism and spontaneous action into decision-making process: the lesson of Colorni and Hirschman

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1. Introduction

The European and, particularly, Italian political and economic situation show the importance of the lesson from Eugenio Colorni and Albert O. Hirschman. Hirschman (1963) showed how public decision-making processes has a decisive role in determining how change happens.

The necessity of change is evident and European policies seem to be not sufficiently adequate. The “passion for the possible” is the basis for those who are seeking large-scale changes. In this context, the Italian experience of “*improbabili*”¹ – a group of people who worked into public administration as well as in the private sector – has been useful in stimulating change processes. The “*improbabili*” activity was positively influenced by Colorni’s and Hirschman’s thinking. The self-subversion as a research and work method and the critical sense of the “constructs-cage” (Hirschman, 1984) have been the tools of their work in the past years. Thus, the Hirschman Legacy Conference in Boston provides a new opportunity for comparison.

This work will concern the public decision-making process, public spending and collective choice. The “*improbabili*’s” case provides empirical evidences of some interest. For this reason, in the following pages, it will be often referred to it.

Public spending decisions are adopted by a benevolent State, which aims to maximize the well-being of citizens on the basis of efficiency and equity. Anyway, in a democratic system, these decisions take place through a political mechanism, based on “rules of play” established by current laws. These projects are complex because of the number of agents, their motivations and the interests involved. In this context, voting becomes the instrument that allows to express individual preferences in relation to demand for goods supplied by the public sector. Voting assumes a function of detecting citizens' preferences similar to what the market carries for private goods.

Before addressing the issue of this work, it is necessary to introduce some hypotheses elaborated by public choice theory, developed in the USA in the late 1950s.

¹The word “*improbabile*” refers to the concept of Hirschman's possibilities: “Those who seek large-scale change must be owned, as Kierkegaard, by” passion for the possible “rather than relying on what factorial analysis has certified as probable”. Therefore, they are those who, working between what is probable and what is possible, can make a contribution (individual and collective) extraordinary. <http://www.uffeddi.it>

2. Decision-making process in a Public choice perspective

Public choice theory is the application of the economic theory methods for the analysis of political processes aimed at public choice. This approach revolutionizes the traditional perspective of the welfare economy and identifies the State as an aggregation of individuals. Decisions on public spending are the result of a political process in which all agents involved are rational and maximize their utility by responding to the external constraints represented by the institutions. The theoretical foundations of public choice are to be found in the writings of Duncan Black (1987). These are, in fact, considered an introduction to a modern public choice theory, using economic analysis tools to study voters' and groups' decision-making processes. However, it is with the publication of "The Calculus of Consent" (Buchanan & Tullock, 1962) and "The logic of Collective action" (Olson, 1965) that the theoretical bases of this approach is consolidated. In the last century, a new stream of public choice analysis emerged, called "political economy". Studies in this field are characterized by the widespread use of a principal/agent theory, in which the principal is the voter who chooses among the various politicians the person most suitable to govern, considered then the agent. This choice could be uncertain, as electoral promises are not binding once the politician has been elected. The main difference between public choice and political economy lies in the type of policy: in the first place, the policy maker is interested in extracting the maximum yield from his position; secondly there are different types of politicians, therefore it is necessary to create political institutions suitable to choose the best type of society. Public choice theory brings collective action to individual actions, in the perspective of methodological individualism. That is, social action is the result of the actions of individuals who, having chosen to pursue their goals collectively rather than individually, participate in the decision-making process as voters, politicians, bureaucrats and specific interest groups.

To a considerable extent, social action is the result of individual actions: the motivations behind the individuals' behavior become relevant to understand collective action. These motivations are the same that affect individual behavior in the private field. This means that in both the public and private sector, the individual is a rational subject that adopts a behavior maximizing his own utility's satisfaction. In other words, the individual does not change when becomes voter, politician or bureaucrat in the political process and consumer or producer on the market.

The difference between market and political process in economic decision-making process is not the type of values, interests and goals pursued, but rather the various constraints and incentives.

The public economy literature distinguishes two decision-making processes regarding public spending and financial choices: formal and informal decision-making mechanisms. The former includes incentive mechanisms (Groves and Ledyard, 1977; Tidemand and Tullock, 1976),

lobbying, Downs's model (1957), Arrow's theorem (1951) the interpretation of voting (Bowen, 1953). the latter regards the liberal corporatism (Lehmbruch, 1977), voting by feet (Tiebout, 1956) and exit-voice and loyalty mechanism (Hirschman, 1970).

This paper takes into account the last one in addition to concepts like "possibilism", "spontaneous action" and "self-subversion", which contain all the "energies and the political and economic potential" (Meldolesi, 2017, p. 12). These concepts were used within public administration, business, social cooperation, research and political activity.

Thanks to these considerations, the decision-making process might be explained through Colorni's and Hirschman's topics. They are connected to each other also if Colorni and Hirschman did not work together and when they did, it was for short time. Colorni (1937) before and Hirschman (1994) later showed that these aspects might affect positively decision-making process towards public interest. Moreover, from Colorni and Hirschman's lessons, we learned that the trespassing of economists in political processes has produced advantages in formulating quite certain and verifiable propositions.

2.1 Hirschman's exit-voice: a no-formal decision-making model

In democratic systems, the decision-making process is characterized by the relationship between individual preferences and the decisions taken. Although the decision-making processes analysis is extremely complex, it should be possible to explain why some decisions prevail over others. For instance, why in Italy public spending has higher levels than those of very similar Countries? Or why in other Countries direct taxes are much more important than in Italy? The answers to these questions must be found beyond the boundaries ("crossing boundaries", as Hirschman (1998) would have said) of finance and in the field of political science (Hirschman, 1982). In any case, they depend on the continuous trespassing, on the relationship between self-interpretation and action (Hirschman, 1982; Meldolesi, 2014).

In mixed-economy democratic systems, economic decisions are taken through two mechanisms: the market and the democratic political system. The use of the market to pursue public goals is the central topic of the market-based governance system (Donahue and Nye, 2002). Within a decision-making process, mainly concerning public spending and accountability, there are rules and institutions for the authoritative organization of collective life known as governance and cooperation arising out of voluntary exchange based on individual assessments of value known as market. They represent a model to make choice: "governance and markets also tend to be entangled with each other" (Donahue, 2002; p. 1).

All the spending and taking tax decisions are made by the political system. In that system, decision-making process takes on some complexity due to the high number of interests involved. A decisive role in making political decisions is played by motivations of social and economic agents. These motivations and their behaviours can be referred to two different types: *collective choice* and *public interest*.

The collective choice theory affirms that individuals would take part in political processes with the same attitude with which they make economic choices. In other words, people look for their own interest in a rational way (Muller, 1989). Thus, Hirschman (1961) changed the paradigm concerning economics as a plethora of theoretical models through which it should be possible to observe the reality. Some evidence shows that mathematical models applied to reality can be unrealistic. Therefore, concepts like “rational choice” in a mathematical sense – the consumer’s rationality or the politicians’ selfish interest, for instance – became not realistic. Rational does not mean reasonable. The conception that decisions depend on relative prices is criticized by Hirschman (1961), he believes that prices have a limited effect or even nil. People, now-days, need to maximize their utility not only pursuing material interest, but also immaterial ones.

The public interest, on the other hand, is based on ethical-philosophical and personal beliefs, arising from being admitted to groups, as member of associations, parties and movements. In other words, the behavior expressed in the political choice would arise not only from the assessment of personal interest but would be an expression of the fact that the citizens feel themselves integrated into a community (Muller, 1989).

According to Hirschman (1967), public economic and financial decisions come out through inductive processes, where the costs-benefits analysis alone can not be sufficient to achieve welfare economics goals. Through the “induction mechanisms” it was possible to maximize the scarce resource and decisions induced in both the private and public domain. It is necessary – says Hirschman – to introduce others mechanisms as cost-effectiveness analysis and an environmental impact method. In Hirschman (1963) the comparison among policy-making experiences “gives good cognitive results when the compared issues have a balance between converging and diverging aspects” (Meldolesi, 1992; p. 59).

Economic decision-making process is considered as dominated by confusion. It is influenced by ambiguous and contradictory signals and by uncertainty about how to solve, in sequence, administrative and financial problems (Hirschman, 1983). The market can not coordinate collective decisions because of the uncertainty and the coordination deriving by relative not sufficient prices variation (Hirschman, 1958; Hayek, 1944). Relative prices and administrative capacity are not the

“biding agents” (Hirschman, 1958). Moreover, there is the risk that the decision activated to solve a specific question can be stopped making the final result worthless (Hirschman, 1971).

In this regard, Hirschman (1970) shows a mechanism able of influencing a decision-making process and strategic choice related to the provision of public goods known as “exit” and “voice”, that is “abandonment” and “protest”. According to Hirschman (1965) individual/politicians increase the probability of reform by shaping networks/political coalitions, influencing the perceived likelihood of an outcome. This permits the introduction of such strategies as shifting networks and logrolling, trading support on different issues (Hirschman, 1970).

Exit-voice mechanism is able to influence a decision-making process (Hirschman, 1970) and this has been used many times and in several different ways².

Within the economic theory of collective choice, the “exit” was used simply to address individuals choice towards the private sector, when the public service quality is poor. In Italy, there were many examples of “exit”: from the postal sector to the school. Surely an “exit” may not have a safe and immediate effect, but it is certainly a signal that has been continuously launched to the government authorities, which can not always be overlooked. The “voice” is, instead, a transmission of a critical message by those who do not want to abandon the public offer. A democratic system must contain mechanisms and transmission channels of protest. The slowness in addressing the change of a citizen's preferences by the public sector can not be corrected only by normative interventions. In Italy, the protest was a means of political expression of unimaginable importance.

This mechanism can contain a response to the backwardness of the Italian public system and to the decision-making process. This process took into consideration only short run needs, very often linked to dull vision of reality. It seems like a paradox, on the one hand, it has witnessed various spendings cuts and, on the other hand, a waste of public money. The decision process concerning public spending in Italy is, for instance, considered a stochastic way to define aggregate spending, since data was collected and delivered with delay over the policy requirements (Meldolesi, 2013b). All this recall the market-based governance concept above specified, which shows how public spending has to consider comparable prices both for public administration and for the market, as the excessive (Buchanan, 1965) consumption of public spending concentrated here.

3. Possibilism in practice (Colorni and Hirshman)

The decision-making process that follows public interest can be showed through Colorni’s idea (Meldolesi, 2017; Solari, 1980) and Hirschman’s (1994) further conceptual development of

²It was applied in public economics, in political science, in sociology and to explain important historic event so as in “Exit, Voice and Fate of the German Democratic Republic” (Hirschman, 1995).

“possibilism”. *Possibilism* is the rejection of determinism on the path of the society (Roncaglia, 2014). According to it, the events are interconnected each other in a necessary and not variable way. A deterministic approach slows down the change and becomes unsuitable in a complex system that needs organic and non-mechanical approaches. In that sense *possibilism* contrasts with determinism. Possibilism approach is the basis for any reasoning on leadership, motivation and effective communication.

The theme is now cogent, given the increasing speed of change that - coupled with the exponential number of contacts that can be activated in real time - makes the world unstable and chaotic. In this regard, Colorni claims that there are circumstances where choices can be made and the outcomes of human actions are not intentional but unpredictable. Colorni, without knowing it, discovered possibilism (*in nuce*); while Hirschman, later on, developed it so to become one of his main topics. In the manner of Colorni, “possibilism” might be a way to put together “saying” and “doing” (Meldolesi, 2017; pag 11).

Hirschman (1970), for his part, addressed the issue from an economic perspective to define possibilism. He criticized economic theory based on the lack of resources and technology. He affirmed that humans can do more and better when they have *stimuli*. In both cases, possibilism represents a way of making decisions. Hirschman’s “possibilism of exit” and “possibilism of voice” are present at embryonic level in Colorni’s thinking.

It is evident that both of them refer to a collective decision mechanism that pursues the public interest. What Hirschman calls “possibilism” in Colorni was the relation between subject and experience: a method to make useful and possible decision-making process. This relation was used by Hirschman who explains that “the possible is generally greater than the probable” (Hirschman, 1971).

Hirschman as well as Colorni are deeply interested to the change and conflict, in opposition to the concept of equilibrium, typical in the economic theory. Capitalism is a complex mechanism that stimulates human action. Thus, it is made up of passions and interest and allows intentional and unintentional, positive and negative outcomes. Within political framework, it corresponds to the civil commitment (of the politicians, economists and citizens) to contrast the ‘rhetoric of the reaction’ (Hirschman, 1991)

In this sense, *possibilism* expands (Hirschman,1994), starting from everything that represents a success point. It means to imagine a target as possible so to make it realistic. When the action is guided by a moral need – for example in the academic research policies able to help developing countries – uncertainty cannot block the action. It must be driven by the reason, which select possible targets and strategies, without achieving conceivable conceptions (Weltanschauung).

According to Colorni (1937) citizens should be ready to review arguments and choice, in other words they have to be ready to the self-subversion (Hirschman, 1995). Self-subversion is bound to the concepts of society and policy as in the anti-fascist circle, attributable to Cattaneo’s ideas – thinking as a public economic principle (Cattaneo, 1861), able to convey the meaning of a self-critical dialogue with his own positions (Gizburg, 2016).

At this point, it should be simpler to explain what does possibilism mean in practice. To do this, I need to draw attention once again to the Italian “*improbabili*” and effeddi³ association experience. That’s, collected a set of events, concerning training courses for public administration and business school for private entrepreneurs and projects specifically organized for Public administration regarding accounting and democratic valuation.

The following tables show some layout of these.

Table n. 1 Layout of training courses and business schools.

Event	Typology	Sector
School for public administrators	Training course	Public
School for aspiring municipal administrators		
School of political education		
School for entrepreneurs: “Create Real Work”	Business school	Private
Hub Startup School		
Business school for aspiring entrepreneurs		
Business school “SiPavia”		
Business school “SiSanità”		

Source: <http://www.uffeddi.it>

Table n. 2 Layout of projects and activities about public accounting and democratic valuation

Event	Typology	Sector
OpenSIOPE	Project	Public
SIOPE		
Democratic valuation laboratory (DVL)	Seminal work	Public

Source: <http://www.uffeddi.it>

³Effeddi – Network of Democratic Federalism is a national association aims to pursue democratic federalism. A particular institutional set-up that, by abandoning the principle of exclusive competence in favor of the cooperative-emulative principle, favors the equalization between local and national governments.

4. Spontaneous action and collective decisions (Colorni).

Within the collection of political writings by Luca Meldolesi (2017), an article written by Colorni in 1937 appears in its great importance and originality. The article “Spontaneity as a Form of Organization” highlighted the importance and novelty of spontaneous action versus the vertically organized structure.

According to Colorni “spontaneous action” is a sign both of maturity of the masses and weaknesses of political organizations. An action is “spontaneous” when it is not controlled by an organization (team work, network, public management), but it is itself a form of organization. Anyway, spontaneous and organized actions are different mechanisms to make decisions. Also if a “spontaneous action” can not determine collective choice, mainly, in public economic decisions, it might influence the public agents and public opinion.

The Colorni’s definition of “spontaneous action” remembers the real relationships among people defined by the network analysis (Bott, 1971; Mitchell, 1969). As Colorni described links and relationships between man and man, group and group, existing independently from political organizations, so network analysis defined them as friendship and kinship linkages (Mitchell, 1969). Within a public administration, for instance, bureaucrats do not serve the organization charts, instead they serve the views of the extensive connections that constitute the learning systems of the administration (Bonabeu and Krebs, 2002). They need to know “who knows who” and the specific personal characteristics of each of them. When Colorni talks about “spontaneous action”, in its unclear, he anticipated the time, defining the collective decision mechanism typical within informal networks. Of course, the network analysis will study different phenomena than those imagined by Colorni, but it is interesting and deserves further insight into the link between the two realities described. Elementary forms of organization can be more incisive than structured ones. Obviously it depends on a set of factors that Colorni did not consider, certainly not in the manner of Rogers (2008) and Stern *et al.* (2012). In fact, apart from the distinction between simple, complex and complicated systems, spontaneity as a form of organization must be understood as a modus of acting to adapt to a concrete experience, to an unpredictable event, omitting the forms of hierarchical pyramid.

Single and collective relationships - says Colorni - are based on trust and habits. Every public agent, for example, has his own personal environment of action that he feels safe with and that he does not want to change with other regulated systems. These forms of spontaneous organization can evolve into "much more serious" organization forms.

Spontaneity is the result of action and knowledge and, therefore, becomes a method for managing phenomena, both in the private and in the public administration (PA). Recently, the spontaneous

action characterized the work of “improbabili” in some areas of Southern Italy, where a several business little school (“vivai”⁴ in Italian language) involved local entrepreneurs and public administrators to build and experience a multitude of territorial networks active in different fields.

Table n. 3 – The “vivai” in Southern Italy

Classification	Characteristics
Sicilian “vivaio”	Territorial groups through which effeddi works at local level. They are coordinated by association’s members and grouping territorial actors that adhere to the network of democratic federalism.
Campania “vivaio”	
Calabrian “vivaio”	

5. Concluding remarks

The paper presented some considerations about Colorni’s and Hirschman’s thinking and their application to the reality. The attention to the maneuvering spaces that always exist, small or large, and the continuous research of unexpected outcomes has been showed with reference to some Italian examples. There is no doubt that Colorni and Hirschman contributed to a reconstruction of a civilian Italian culture. This culture is strongly present in Italy, but it still needs strategists to be able to be unleashed. The effeddi’s and “improbabili’s” work represents an example, a long working and research experience, and it is necessary to return discussing reasoning and analyze choices, throughout a process of “self-subversion”.

The question is: how to achieve the targets, little and big ones? How to plan others? How technical work might help each other? In Italy, problems like public debt, democratic federalism, and development need a solution. It is clear that liberalization, decrease of fiscal pressure, social cohesion represent the answers to these issues (Meldolesi, 2013b). But it needs to observe also that the world changed since Colorni and Hirschman were working. Now it is necessary to gather their intellectual heritage and to be able to transfer their teachings in our time.

Colorni’s and Hirschman’s lesson might represent the theoretical point of view from which to guide decision-making process towards practical application. Definitively, their contributions must be considered at present and applied to the Italian and European realities. One of the most important lessons from Hirschman (1971) considers two possible way: “exit and proposal”. Both can be traced back to the current Italian scenario. Looking at the Italian economic condition, it is evident that economic policy decisions were based on too rigid theoretical elements like given production factors and optimal resource combination.

⁴“Vivaio” literally means “plant nursery”. The term is used in the sense of a place where something begins to live and produce effects that can be addressed outward.

Through the Hirschman's lesson, it was observed that "development does not depend on finding optimal resource combinations of production factors, but finding the hidden resources and capabilities and used them at best" (Hirschman, 1961; p. 5). Colorni and Hirschman thinking must stimulate activation of potential public and private energies. It needs to reiterate the "thesis of democratic federalism" (Meldolesi, 2013b; p. 225).

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