
*P*ublic Choice:
The Origins and
Development of a
Research Program

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Public Choice: The Origins and Development of a Research Program*

My subtitle identifies public choice as a research program rather than as a discipline or even a subdiscipline. (The Lakatosian definition seems to fit closely.) A research program incorporates acceptance of a hard core of presuppositions that impose limits on the domain of scientific inquiry while, at the same time, insulating such inquiry from essentially irrelevant criticism. The hard core in public choice can be summarized in three presuppositions: (1) methodological individualism, (2) rational choice, and (3) politics-as-exchange. The first two of these scientific building blocks are those that inform basic economics and will raise few criticisms from economists, although they become central in noneconomists' attacks on the whole enterprise. The third element in the hard core is less familiar, and I shall discuss this feature of public choice more fully later.

Temporally, this research program involves a half century during which it originated, developed, and matured. Although there were precursors, some of whom will enter the narrative that follows, we can date the origins of public choice from midcentury. And this fact, in itself, is of considerable interest. Viewed retrospectively, from the vantage point of 2003, the scientific-explanatory "gap" that public choice emerged to fill seems so large that the development of the program seems to have been inevitable.

As they emerged from World War II, governments, even in Western democracies, were allocating between one-third and one-half of their total product through collective-political institutions rather than through markets. Economists, however, were devoting their efforts almost exclusively to explanations-understandings of the market sector. No attention was being paid to political-collective decision making. Practitioners in political science were no better. They had developed no explanatory basis, no theory as it were, from which operationally falsifiable hypotheses might be derived.

The whole politicized sector of social interaction was, therefore, "crying out" for explanatory models designed to help understand the empirical reality that was observed. My own piddling first entry into the subject matter (Buchanan 1949) was little more than a call for those economists who examined taxes and spending to pay some attention to the models of politics that were assumed to be in existence. And, except for the important, but neglected, paper by Howard Bowen (1943), even those who made the recognized seminal contributions did not seem to appreciate the fact that they were entering uncharted territory.

Majority Cycles

Almost simultaneously, Duncan Black and Kenneth Arrow commenced their work on two quite separate problems, although their results converged with consequences that are by now familiar. Black was concerned with the working of majority-voting rules in small committee settings: How did voting results emerge from separate individual orderings, when collective alternatives (proposals, motions, etc.) were presented in a sequence of pairwise choices? Black found, to his surprise, that only two persons had worked out some of the elementary logic—the French nobleman Condorcet and Charles Dodgson, an Oxford logician more familiarly known

under the name of Lewis Carroll. Black (1948, 1958), who was working in Wales, did not attract much early attention, either in his own country or elsewhere.

Arrow sought to answer the question: Is it possible to aggregate separate individual orderings over social states so as to generate a “social” ordering that would satisfy reasonable conditions for rationality akin to those that characterized the individual orderings? Arrow commenced from within the tradition of what was then called “theoretical welfare economics.” With the demolition of utilitarianism in 1932 at the hands of Lionel Robbins in his *The Nature and the Significance of Economic Science*, economists rediscovered Pareto, but the Paretian classificatory scheme did not allow for a means of selecting among the many positions that met the criterion for Pareto efficiency or optimality. Using the formal tools of symbolic logic, Arrow reached the seemingly dramatic conclusion that no such social ordering may be derived unless some restrictions are placed on the individual preference orderings.

The now-famous impossibility theorem, as published in Arrow’s book *Social Choice and Individual Values* (1951), exerted a major impact on the thinking of economists and political scientists and stimulated an extended discussion. Arrow, and Black less emphatically, was taken to have shown that democracy, interpreted as equivalent to majority voting, could not work. Both of these scientists had discovered, or rediscovered, the phenomenon of majority cycles, and they rigorously demonstrated that, under some sets of preference orderings, majority voting in a sequence of pairwise comparisons would generate continuous cycles, with no equilibrium or stopping point.

The central point may be easily illustrated in the three-voter, three-alternative setting, as shown in the figure. Note that each of the three voters, labeled 1, 2, and 3, has a consistent ordering over the three options for choice, A, B, and C. Note also, however, that, when put to a pairwise sequence of majority votes, A will defeat B; B will, in turn, defeat C, but C will defeat A. There is no alternative that will command a majority over all of the other options.

Figure

| | 1 | 2 | 3 | |
|---|---|---|---|--|
| A | A | B | C | |
| B | B | C | A | |
| C | C | A | B | |

Median Voter Models

Black, in particular, wanted to resuscitate the majority-voting rule, as the legitimate means of reaching group decisions. He discovered that if the alternatives for collective choice can be arrayed along a single dimension in such fashion that each voter’s preferences exhibit single-peakedness, then the worrisome majority cycles would not occur. Instead, in this setting, the alternatives preferred by the voter whose preferences are median for the

group would be majority-preferred to any other alternatives. This result, referred to as the “median voter theorem,” was quickly incorporated into both analytical and empirical research.

The single-peakedness required remains highly plausible in many settings. Suppose that the choice options, A, B, and C, are alternative levels of spending on a collective outlay, say, on education. It is surely plausible that someone should prefer high spending (A), to medium spending (B), to low spending (C), hence the ordering for the first voter in the figure. It is also plausible that a voter, say 2, might prefer medium spending (B) to low spending (C), and this in turn to high spending (A), the ordering shown for the second voter. But look at the ordering for the third voter in the figure. This voter prefers low spending (C), but his second choice is high spending (A) which he prefers over medium spending (B), which seems a rather bizarre ordering in some settings. Yet it is precisely such anomalies in orderings that are necessary to generate the majority-voting cycles. The median voter theorem seemed initially to be explanatory over wide ranges of collective action.

It was evident early on, however, and also had been recognized by Black himself, that once collective choices involve more than a single dimension, majority cycles must occur even if all voters exhibit single-peakedness in preferences over each of the dimensions considered separately. Majority voting seemed to be basically unstable in the sense that it could not produce a unique collective choice; a political equilibrium could not be reached.

Is Collective Rationality Desirable?

It was at this point that I entered the discussion with a generalized critique of the whole corpus of analysis generated by the Arrow–Black approach (Buchanan 1954a, 1954b). If, indeed, preferences differ over collective alternatives, and if these preferences are such as to generate cycles in voting outcomes, would not this result be precisely that which is best? Any attainment of a unique solution by majority voting would amount to the permanent imposition of the majority’s will on the outvoted minority. Would not a guaranteed rotation, as produced through the cycle, be the preferred sequence here? In such a cyclical sequence, the members of the minority in the first round are enabled to come back in subsequent rounds and ascend to majority membership. My concern, then and later, was always with means of preventing discrimination against members of minorities rather than ensuring that, somehow, majority rule produced stable sets of political outcomes.

Examined from an economist’s perspective, what guarantee could majority rule offer against collective actions that were inefficient in the standard Pareto sense? Clearly, the natural feature of majority voting is the separation of the interests of members of the majority from those of the minority. On any single voting sequence, some persons in the inclusive polity must lose and others must gain. How can collective choice be made more efficient? And more just?

Wicksell and the Rule of Unanimity

At this point, I introduce the great Swedish economist Knut Wicksell, who is the most important of all precursory figures in public choice, especially for my own work and for what we now call “constitutional economics.” In his dissertation published in 1896, Wicksell was concerned about both the injustice and the inefficiency of untrammelled majority rule in parliamentary assemblies. He did not discover the possibility of the majority cycle, but he did recognize that majorities were quite likely to enact legislation aimed at benefiting the constituencies of their own members at the expense of those members left outside of the majority coalitions. Majority rule seemed quite likely to impose net costs or damages on large segments of the taxpayer-beneficiary

group. Why should members of such minorities, facing discrimination, lend their support to political structures? Unless all groups can somehow benefit from the ultimate exchange with the government, how can overall stability be maintained?

These considerations led Wicksell to question the efficacy of majority rule itself. And to ensure both enhanced efficiency and increased justice in the fundamental dealings of the individual with governmental authority (the state), Wicksell proposed that the voting rule be modified in the direction of unanimity. If the agreement of all persons in the voting group should be required to implement collective action, then this result, in itself, would guarantee that all persons secure net gains and, further, that the projects so approved yield, overall, benefits in excess of costs.

Wicksell recognized that, if applied in a literal voting setting, a requirement of unanimity would produce a stalemate, since it allows each and every person to play off against all others in the group. Such a recognition, however, does not change the value of the unanimity rule as a benchmark for comparative evaluation. In suggestions for practical constitutional reforms, Wicksell supported changes in voting rules from simple to qualified majorities, perhaps, for example, the requirement of five-sixths approval for collective proposals.

My own serendipitous discovery of Wicksell's neglected work in 1948, followed by my later translation of this work from German, introduced the important contribution to English-language scholars and laid the groundwork for later developments in what we now call "constitutional economics," which I shall discuss more fully below.

The Endogeneity of Alternatives

In their analyses, Black and Arrow had assumed, more or less implicitly, that the alternatives for collective choice, among which the voting rule generates an outcome, are exogenous to the process itself, that is, that the motions, candidates, or proposals exist prior to the selection process itself. For Wicksell, this exogeneity could not be present, but he did not, himself, recognize the relevance of this difference.

Gordon Tullock, with whom I began to work at the University of Virginia in 1958, wrote a seminal paper on majority rule (Tullock 1959) that made the endogeneity of the choice options a central feature, although, even here, he did not recognize the generality of the distinction. Tullock's example was that of farmers-voters, each of whom wants to have his local road repaired with costs borne by the whole community of taxpayers. Majority-voting rules, as these allow for separate coalitions of farmers, generate results that impose costs on all farmers, while producing inefficiently large outlays on all local roads. These results emerge because majority-voting rules, as the institutions for making collective choices, allow any and all potential coalitions to advance taxing-spending proposals endogenously—proposals that would never arise from outside, so to speak.

The Calculus of Consent

If majority-voting rules operate so as to produce inefficient and unjust outcomes, and if political stability is secured only by discrimination against minorities, how can democracy, as the organizing principle for political structure, possibly claim normative legitimacy? The Wicksellian criterion for achieving justice and efficiency in collective action, namely the shift from majority-voting rules toward unanimity, seems institutionally impractical. But, without some such reform, how could persons, as voters-taxpayers-beneficiaries be assured that the ultimate exchange with the state would yield net benefits? That the whole game of politics be positive sum?

At this point, and in implicit response to these questions, Tullock and I commenced to work on what was to become our book *The Calculus of Consent*, published in 1962. The central contribution of our book was to impose a two-level structure of collective decision making: we distinguished between what may be called “ordinary politics” (indicated by decisions made, often by majority voting, in legislative assemblies) and “constitutional politics” (indicated by decisions made on the set of framework rules within which the operation of ordinary politics is allowed to proceed). We were not, of course, inventing this two-level distinction as descriptive of political reality; both in legal theory and in practice, constitutional law had long been distinguished from statute law. What we did was to bring this quite familiar distinction into the corpus of the theoretical analysis of politics, the research program that was just on the verge of being developed in the 1950s and 1960s.

This distinction allowed us to answer the questions posed previously. Less-than-unanimity rules, and even majority rules, may be allowed to operate over the decisions made through ordinary politics provided that there is generalized consensus on the “constitution,” on the inclusive set of framework rules that place boundaries on what ordinary politics can and cannot do. In this fashion, the analysis in *The Calculus of Consent* made it possible to incorporate the Wicksellian reform thrust toward qualified or super majorities into politics at the level of constitutional rules, while allowing for ordinary majority-voting rules within constitutional limits.

In a sense, the whole analysis in our book could have been interpreted as a formalization of the structure that James Madison had in mind when he constructed the U.S. Constitution. Or, at the least, the analysis offered a substantive criticism of the then-dominant elevation of majority voting to sacrosanct status in political science.

The Public Choice Society and *Public Choice*

Our book was well-received by both economists and political scientists. And, through the decades since its publication, the book has achieved status as a seminal work in the research program. The initial interest in the book, and its arguments, prompted Tullock and me, who were then at the University of Virginia, to initiate and organize a small research conference in Charlottesville in April 1963. We brought together economists, political scientists, sociologists, and scholars from other disciplines, all of whom were engaged in research outside the boundaries of their disciplines. The discussion was sufficiently stimulating to motivate the formation of a continuing organization, which we first called the Committee on Non-Market Decision-Making, and to initiate plans for a journal initially called *Papers on Non-Market Decision-Making*, which Tullock agreed to edit.

We were all unhappy with these awkward labels, but after several annual meetings there emerged the new name “public choice,” for both the organization and the journal. In this way the Public Choice Society and the journal *Public Choice* came into being. Both have proved to be quite successful as institutional embodiments of the research program, and sister organizations and journals have since been set up in Europe and Asia.

William Riker, who organized some of the early meetings, exerted a major influence on American political science through the establishment and operation of the graduate research program at the University of Rochester. Second- and even third-generation Riker students occupy major positions throughout the country and carry forward the research thrust in positive political analysis.

In the late 1960s, Tullock and I shifted to Virginia Polytechnic and State University, and in Blacksburg we set up the Center for Study of Public Choice, which served as an institutional home, of sorts, for visiting research

scholars throughout the world. This center, and its related programs, operated effectively until 1983, when it was shifted to George Mason University, where its operation continues.

I shall not discuss in detail the institutional history of the society, the journal, the center, and related organizations. Suffice it to say here that these varying structures reflect the development and maturing of the whole research program.

Subprograms and Rent Seeking

I shall barely discuss the separate research subprograms that have emerged within public choice as the umbrella subdiscipline. Note may be made only of some, but by no means all, of these subprograms: Riker's early work on coalition formation in legislatures (Riker 1962) was the focus of early attention; the economic analysis of anarchy attracted much effort in the early 1970s (Tullock 1972, 1974a, 1974b; Buchanan 1975); agenda manipulation as a means of controlling political outcomes (Romer and Rosenthal 1978); Mancur Olson's logic of collective action (1965); James Coleman's exchange-based social action (1990); explanations for the growth of government; theories of bureaucracy; structure-induced equilibria in politics; expressive versus interest voting; and the role of ideology. These and other subprograms emerged from within public choice, quite apart from the more familiar subjects upon which analysis was brought to bear, such as unicameral versus bicameral legislatures, legislative committee structures, proportional versus plurality systems, direct democracy, size of legislatures, federalism, and many others.¹

One subprogram that emerged from within public choice deserves specific, if necessarily, brief discussion here. I refer to rent seeking, a subprogram initiated in a seminal paper by Tullock in 1967, and christened with this title by Anne Krueger in 1974. At base, the central idea emerges from the natural mind-set of the economist, whose explanation of interaction depends critically on the predictable responses of persons to measurable incentives. If an opportunity that promises to yield value arises, persons will invest time and resources in efforts to capture such value for themselves. The market itself is a profit-and-loss system; resources tend to move to their most highly valued uses because persons can be predicted to respond positively to promised profit opportunities and negatively to threatened losses.

The extension of this motivational postulate to the share of value allocated through politics or collective action seems elementary now, but until Tullock explicitly made the connection, no attention had been paid to the profound implications: If there is value to be gained through political action, persons will invest resources in efforts to capture this value. And if this value takes the form of any transfer from one group to others, the investment is wasteful in an aggregate value sense.

Tullock's early treatment of rent seeking was concentrated on monopoly, tariffs, and theft, but the list could be almost indefinitely expanded. If the government is empowered to grant monopoly rights or tariff protection to one group, at the expense of the general public or to designated losers, then it follows that potential beneficiaries will compete for the prize, so to speak. And, since by construction, only one group can be rewarded, the

¹For a comprehensive treatment that includes discussion of the subprograms in public choice, see Mueller (1989).

resources invested by other groups is wasted. These resources could have been used to produce valued goods and services.

Once this basic insight is incorporated into the mind-set of the observer, much of modern politics can only be interpreted as rent-seeking activity. The pork-barrel politics of the United States is only the most obvious example. Much of the growth of the transfer sector of government can best be explained by the behavior of political agents who compete in currying constituency support through promises of discriminatory transfers.

The rent-seeking subprogram remains active along several dimensions. How much value, in the aggregate, is dissipated through efforts to use political agency for essentially private profit? How can the activity of rent seeking, as aimed to secure discriminatory private gains, be properly distinguished from the activity aimed to further genuinely shared “public” interests? I shall not go into detail here, but it should be clear that rent seeking, as a subprogram in public choice more generally, opens up many avenues for both analytical and empirical inquiry.

Constitutional Political Economy

I noted earlier that the primary contribution of the book *The Calculus of Consent* was to impose a two-level framework on analyses of collective action or to distinguish categorically what we may call ordinary, or day-to-day, politics from constitutional politics. Indeed the subtitle of that book was *Logical Foundations of Constitutional Democracy*. In a sense, this separation marked a major two-part division in the inclusive research program in public choice, that is, between what we might call positive political analysis, or positive public choice, and what we now call “constitutional political economy.”

Clearly, political-collective action, as resultant from individual choices, takes place at two or more distinct stages or levels. There are, first, the choices made within the existing set of rules, inclusively described as the “constitution.” And there are, second, the choices from which these rules themselves emerge. Rules have as their primary function the imposition of limits or constraints on actions that might be taken. And economic theory, traditionally, has analyzed choices made within constraints that are presumed to be exogenously imposed. Why should persons seek to impose limits on their own actions?

Only recently have economists broken out of their natural mind-set—that of not allowing for choices of constraints themselves. But recent research has involved the choice of constraints, even on the behavior of persons in noncollective settings. Important contributions have been made in developing the theory of addiction, with drugs, tobacco, diet, and gambling as relevant examples. The issues become categorically different, however, as attention is shifted from the noncollective or individualistic setting to that involving collective rules.² In this setting, persons desire to impose constraints on the behavior of agents who act on behalf of the political group, not from any fear of irrational behavior on their own part, but, instead, from the fear of the prospect that their own preferences will be overruled, that their own interests will be damaged. Constitutional rules have as their central purpose the imposition of limits on the potential exercise of political authority.

²For general discussion, see Brennan and Buchanan (1985).

The “constitutional way of thinking” (Buchanan 2001) shifts attention to the framework rules of political order as the object that commands or secures consensus among members of the body politic. It is at this level that the individual conceptually computes or calculates his own terms of exchange with the state, or with his political authority. Persons may agree that they are made better off by membership in the inclusive structure described by the constitution, while, at the same time, they may assess the impact of particular political actions to be contrary to their own interests. A somewhat loose way of putting this point is to say that in a constitutional democracy, persons owe loyalty to the constitution rather than to the government, as such, no matter how “democratic” such decisions might be. I have long argued that on precisely this dimension American public attitudes are quite different from those in Europe.

As research analysis, constitutional political economy involves comparative assessment of alternative sets of constitutional rules, both those in existence and those that might be introduced prospectively. This analysis clearly has close affinity to recent efforts to introduce the study of institutions, generally. There are, of course, both positive and normative elements in this major research program. Differing sets of rules are examined and predictions are advanced concerning their working properties. And from such analysis proposals for reform may be advanced—proposals that take the form of constitutional changes, as opposed to proposals for particularized policy thrusts that might emerge from analysis of ordinary or within-constitutional politics.

Is Public Choice Ideologically Biased?

To this point, I have outlined the public choice research program as it has developed and as it now exists in its two parts, that of positive political science and constitutional political economy. How does the politics that we observe work, given the existing constitutional structure? And how might this politics be different under differing sets of constitutional constraints? In its approach to answers to each of these questions, public choice theory, as such, remains strictly neutral in the scientific sense. What, then, is the source of the familiar criticism to the effect that public choice, in itself, is ideologically biased?

Again, it is necessary to appreciate the prevailing mind-set of social scientists and philosophers at midcentury. The socialist ideology was pervasive, and this ideology was supported by the allegedly neutral research program called—“theoretical welfare economics,” which concentrated on the identification of the failures of observed markets to meet idealized standards. In sum, this branch of inquiry offered theories of market failure. But failure by comparison with what? The implicit presumption was always that politicized corrections for market failures would work perfectly. In other words, market failures were set against an idealized politics.

Public choice then came along and provided analyses of politics, of the behavior of persons in public choosing roles whether these be voters, politicians, or bureaucrats, that were on all fours with those applied to markets and to the behavior of persons as participants in markets. These analyses necessarily exposed the essentially false comparison that had described so much of both scientific and public attitudes. In a very real sense, public choice became a set of theories of governmental failures, as an offset to the theories of market failures that had previously emerged from theoretical welfare economics. Or, as I put it in the title of a lecture in Vienna in 1978, public choice may be summarized by the three-word description “politics without romance.”

The research program should have been interpreted as a correction more of the scientific record than as the introduction of some illegitimate anti-governmental ideology. Regardless of any prescientific ideological stance,

exposure to public choice analyses necessarily brings a more critical attitude toward politicized nostrums to alleged socioeconomic problems and issues. Public choice almost literally forces the critic to be pragmatic in any comparison of proposed institutional structures. There can be no presumption that politicized corrections for market failures will accomplish the desired objectives.

Is Public Choice Immoral?

A more provocative criticism of the whole public choice research program centers on the claim that it is immoral, at least in its behavioral impact. The source of this charge lies in the transfer of the two hard-core elements, methodological individualism and rational choice, directly from economic theory to the analysis of politics. At one level of abstraction, these two elements are themselves relatively empty of empirical content. To model the behavior of persons, whether in markets or in politics, as maximizing utilities, and as behaving rationally in so doing, does not require specification of the arguments in utility functions. Economists go further than this initial step, however, when they identify and place arguments into the categories of “goods” and “bads.” Persons are then modeled as acting so as to maximize some index of “goods” and to minimize some index of “bads.”

More specifically, economic models of behavior include net wealth, an externally measurable variable, as an important “good” that persons seek to maximize. The moral condemnation-criticism of public choice is centered on the presumed transference of this element of economic theory over to political analysis. Those who find themselves in roles as public choosers, whether as voters, as legislators, as political agents of any sort, do not, it is suggested, behave in accordance with norms that are appropriate to behavior in markets. Persons are differently motivated when they are choosing “for the public” rather than for themselves in private choice capacities. And it is both descriptively inaccurate and morally questionable to assign self-interest motives to political actors. Or so the criticism runs.

At base, this criticism stems from a misunderstanding of what the whole explanatory exercise is all about—a misunderstanding that may have been fostered by the failure of economists to acknowledge the limits of their efforts. The economic model of behavior, even if restricted to market activity, should never be taken to provide the be-all and end-all of scientific explanation. Persons act from many motives, and the economic model concentrates attention only on one of the many possible forces behind actions. To employ the model for prediction does, of course, require the initial presumption that the identified “goods” that are maximized are relatively important in the mix. Hypotheses that imply that promised shifts in net wealth modify behavior in predictable ways have not been readily falsifiable empirically.

At issue here is the degree to which net wealth, and promised shifts in net wealth, may be used as explanatory incentives for the behavior of persons in public choice roles. Public choice, as an inclusive research program, incorporates the presumption that persons do not readily become economic eunuchs as they shift from market to political participation. The person who responds predictably to ordinary incentives in the marketplace does not fail to respond at all when his role is shifted to collective choice. The public choice theorist should, of course, acknowledge that the strength, and predictive power, of the strict economic model of behavior is somewhat mitigated as the shift is made from private market to collective choice. Persons in political roles may, indeed, act to a degree in terms of what they consider to be the general interest. Such acknowledgment does not, however, in any way imply that the basic explanatory model loses all of its predictive potential or that ordinary incentives no longer matter.

What is left of the charge of immorality, once this much is acknowledged? Critics are somehow left with the claim that persons placed in political or public choice roles will themselves be led to act as the economic model dictates if such models are used in the inclusive explanatory exercise. In this light, it becomes immoral to model political choice behavior as being responsive to ordinary incentives, even if such an exercise is admittedly partially explanatory.³ We should, therefore, proceed with analysis of politics under the illusion that persons do indeed become “saints” as they shift to collective choice roles. The positive value of hypocrisy may be recognized but without elevating hypocrisy to an instrumental status in preserving social stability. Democracy, or self-government generally, is surely strong enough to allow for honesty in analysis of its own workings.

Balancing the Accounts

As noted, public choice as a research program has developed and matured over the course of a full half century. It is useful to assess the impact and effects of this program, both on thinking in the scientific community and in the formation of public attitudes. By simple comparison with the climate of opinion at half century, both the punditry and the public are much more critical of politics and politicians, much more cynical about the motivations of political action, much less naive in thinking that political nostrums offer easy solutions to social problems. And this shift in attitudes extends well beyond the loss of belief of the efficacy in central planning, in socialism, a loss of belief grounded in both historical regime failures and collapse of intellectually idealized structures.

The question to be examined is not whether attitudes toward politics and politicians have shifted, often dramatically, over the half century. The question is, instead, what contribution has the research program of public choice brought to this attitudinal change?

As I noted earlier, when we look retrospectively at the scientific and public climates of discussion at midcentury, the failure of social scientists to make efforts to understand and explain decision making in the proportionately large collectivized sector of social interaction seems difficult to comprehend. The gap in scientific effort now seems so obvious that the development of public choice, and related programs, becomes a natural and indeed necessary step in our always incomplete knowledge about the world. Nonetheless, there were two obstacles to be overcome in the intellectual community—obstacles that were, strangely, both opposites and complements.

Broadly considered, the prevailing mind-set was socialist in the underlying presupposition that politics offered the solution to social problems. But there was a confusing amalgam of Marxism and ideal political theory involved: Governments, as observed, were modeled by Marxists as furthering class interests, but governments that might be installed after the revolution, so to speak, would become both omniscient and benevolent.

In some of their implicit modeling of political behavior aimed at furthering special group or class interests, the Marxists seemed to be closet associates in public choice, even as they rejected methodological individualism. But how was the basic Marxist critique of politics, as observed, to be transformed into the idealized politics of the benevolent and omniscient super state? This question was simply left glaringly unanswered. And the debates of the 1930s were considered by confused economists of the time to have been won by socialists rather than by

³See Kelman (1987) and Brennan and Buchanan (1988).

their opponents, Ludwig von Mises and Friedrich Hayek. Both sides, to an extent, neglected the relevance of incentives in motivating human action, including action in the politicized sector.

The structure of ideas that were adduced in support of the emerging Leviathan welfare state was logically flawed and could have been maintained only through long-continued illusion. But, interestingly, the failure, in whole or in part, of the socialist structure of ideas did not come from within the scientific academy. Mises and Hayek were not successful in their early efforts, and classical liberalism seemed to be at its nadir at midcentury. Failure came, not from a collapse of an intellectually defunct structure of ideas, but from the cumulative record of nonperformance in the implementation of extended collectivist schemes—nonperformance measured against promised claims, something that could be observed directly. In other words, governments everywhere, in both the socialist and the welfare states, overreached themselves, and tried to do more than the institutional framework would support. This record of failure came to be recognized widely, commencing in the 1960s and accelerating in the 1970s.

Where was the influence of public choice in this history? Note specifically that I do not claim that public choice, as a coherent set of scientifically based theories of how politics works in practice, dislodged the prevailing socialist mind-set in the academies and that some subsequent recognition of the intellectual vulnerability exerted its feedback on political reality. In common parlance, public choice was not “ahead of the curve” in this respect.

What I do claim is that public choice exerted its influence, which was major, in the provision of a coherent understanding and interpretation of that which could be everywhere observed. The public directly observed that collectivistic schemes were failing, that politicization did not offer the promised correctives for any and all social ills, that governmental intrusions often made things worse rather than better. How could these direct observations be fitted into a satisfactory understanding? Why did the nostrums promised fail to deliver?

Public choice came along and offered a foundation for such an understanding. Armed with nothing more than the rudimentary insights from public choice, persons could understand why, once established, bureaucracies tend to grow apparently without limit and without connection to initially promised functions. They could understand why pork-barrel politics dominated the attention of legislators; why there seems to be a direct relationship between the overall size of government and the investment in efforts to secure special concessions from government (rent seeking); why the tax system is described by the increasing number of special credits, exemptions, and loopholes; why balanced budgets are so hard to secure; why strategically placed industries secure tariff protection.

A version of the old fable about the king’s nakedness may be helpful here. Public choice is like the small boy who said that the king really has no clothes. Once he said this, everyone recognized that the king’s nakedness had been recognized but that no one had really called attention to this fact. Public choice has helped the public to take off their rose-colored glasses when they observe the behavior of politicians and the working of politics.

Let us be careful not to claim too much, however. Public choice did not emerge from some profoundly new insight, some new discovery, some social science miracle. Public choice, in its basic insights into the workings of politics, incorporates a presupposition about human nature that differs little, if at all, from that which informed the thinking of James Madison at the American founding. The essential scientific wisdom of the 18th century, of Adam Smith and classical political economy and of the American Founders, was lost through two

centuries of intellectual folly. Public choice does little more than incorporate a rediscovery of this wisdom and its implications into analyses and appraisal of modern politics.

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