

[On the death of James Buchanan](#) [1]

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We are sorry to report the death of James M Buchanan, the US academic who, with colleague Gordon Tullock, was the leader of the so-called Public Choice School of economists.

Public Choice theory applied the methods of economics to the theory and practice of politics and government ? with extremely important results which give us important insights into the nature of democratic decision-making. Just as self-interest motivates people's private commercial choices, so does it affect their communal decisions. People also act 'economically' as voters, lobby groups, politicians and officials, aiming to maximise the outcome they personally desire, for minimum effort. Consequently the well-developed tools of economics ? such as profit and loss, price and efficiency ? can be used to analyse politics too.

Collective decision-making is necessary because there are some large projects that we cannot undertake alone. There is also the 'public goods' problem ? that certain useful things, such as defence, will be under-provided by markets because non-payers can simply 'free ride' on the efforts of others.

But Buchanan and Tullock showed that such 'market failure' does not necessarily mean that government can do things better. There is 'government failure' too. Political decision-making is not a dispassionate pursuit of the 'public interest' but a struggle between different, competing personal and group interests. In this struggle for the supremacy of different values, small groups with sharply focused interests have more influence in decision-making than much larger groups with more diffused concerns, such as taxpayers.

Buchanan believed that strong constitutional restraints were needed in order to ensure that the 'silent majority' could not be exploited by coalitions of vested interests using political power over them. The commonly adopted rules in democracy is that 51% of the population decide the policy ? even if the other 49% are vehemently opposed, as in the old joke that 'democracy is two wolves and a sheep deciding what to have for dinner'. Simple majority decisions are easier to make than ones requiring unanimity or higher majorities, but they do have this downside cost in terms of personal liberty. And the fear is that if producers are exploited too much by others, they will simply quit the productive sector and the whole society will suffer in terms of economic prosperity. Buchanan maintained that proper constitution can set the rules by which different sorts of decisions are to be made, and therefore can balance the interest of individuals and society as a whole.

Buchanan received the 1986 Nobel Memorial Prize in Economic Sciences for his work on Public Choice theory and was a life member of the Mont Pelerin Society, among many other awards and distinctions.

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