



A Tribute To James Buchanan

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Last month one of the iconic figures of twentieth-century classical liberalism, James McGill Buchanan, passed away aged 93.

Buchanan has been rightly credited for his leading role in forging the ‘public choice’ approach to political analysis, which examines the processes of collective action under the assumption that individuals act in a self-interested manner in the political process.

This assumption implies that people conduct themselves in politics in precisely the same manner as they do when they engage in market trades, but Buchanan’s public choice theories suggests the mutually beneficial, efficient outcomes realised through the market process is unlikely to be replicated in politics.



Instead of politics conducted by people faithfully implementing what is in the public interest, we are more likely to find a political process inhabited by rationally ignorant voters, budget maximising bureaucrats, rent seeking special interest groups and vote maximising politicians.

This cocktail is likely to lead to an undesirable situation in which collective decisions are biased towards increasing the size and scope of government at the expense of individual freedoms, even in democracies where the masses have the right to vote out bad or incompetent politicians.

While sceptical of the ability of political agents to act in ways conformable with the interest of voting principals, Buchanan was a perennial optimist regarding the capacity of institutional reform to improve political performance and safeguard liberties.

To this end he was instrumental in forging a sub-branch of public choice called 'constitutional economics,' which addressed the efficiency properties of political checks-and-balances such as constitutions, bicameral parliaments, federalism, and even fiscal and monetary policy rules.

The success of the public choice approach is clear.

Buchanan himself won the Nobel Prize in Economics in 1986, and since then there has been a proliferation of journals and books on public choice, the theory has infiltrated academic economics, political science and other social science disciplines, and public choice arguments were used to inspire economic reforms throughout the Western world during the 1980s and 1990s.

But it would be a mistake to think that Buchanan limited his inquiring mind to solely considering the economic applications of political behaviour, as innovative as this revisionist project has been.

Buchanan also made original contributions in public goods and debt theories, subjective cost theory, political secession and the theory of spontaneous order, to name just a few, and was deeply concerned about the sustainability of Western Civilisation as attested by his many works in this field.

In an enduring piece published in 2000, Buchanan urged all lovers of liberty to 'save the soul of classical liberalism' by augmenting the standard technical arguments favouring markets with inspirational language to sway populations increasingly concerned with security rather than freedom.

A few years later he asked freedom's adherents to confront emerging 'parental socialism' in the guise of Nanny State paternalism.

James Buchanan has departed our world, but for those left behind we remain most fortunate to have received the many intellectual gifts bestowed upon us during a life of intellectual innovation in the classical liberal tradition.