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James M. Buchanan, Economic Scholar and Nobel Laureate, Dies at 93

By: Robert D. McFadden - January 9, 2013

James M. Buchanan, a scholar and author whose analyses of economic and political decision-making won the 1986 Nobel in economic sciences and shaped a generation of conservative thinking about deficits, taxes and the size of government, died on Wednesday in Blacksburg, Va. He was 93.

Alex Tabarrok, the director of the Center of Study for Public Choice at George Mason University, which Mr. Buchanan founded, confirmed his death.

Dr. Buchanan, a professor emeritus at George Mason, in Fairfax, Va., was a leading proponent of public choice theory, which assumes that politicians and government officials, like everyone else, are motivated by self-interest — getting re-elected or gaining more power — and do not necessarily act in the public interest.

He argued that their actions could be analyzed, and even predicted, by applying the tools of economics to political science in ways that yield insights into the tendencies of governments to grow, increase spending, borrow money, run large deficits and let regulations proliferate.

The logic of self-interest was nothing new. Machiavelli's 16th-century treatise "The Prince" detailed cynical rules of statecraft to extend political power. Thomas Hobbes, in his 17th-century book "Leviathan," held that aggressive self-serving acts were "natural" unless forbidden by law. Adam Smith's "The Wealth of Nations," published in 1776, noted that people pursuing their own good also produced benefits for society at large.

But Dr. Buchanan contended that the pursuit of self-interest by modern politicians often led to harmful public results. Courting voters at election time, for example, legislators will approve tax cuts and spending increases for projects and entitlements favored by the electorate. This combination can lead to ever-rising deficits, public debt burdens and increasingly large governments to conduct the public's business.

Indeed, he said, governments had grown so vast and complex that it was no longer possible for elected officials to make more than a fraction of the policy decisions that genuinely affect the people. Thus, he said, much discretionary power is actually held by civil functionaries who can manipulate priorities, impose barriers to entitlements and pressure legislators for rules and budgets favorable to their own interests.

Dr. Buchanan did not invent the theory of public choice, an idea whose origins are obscure but that arose in modern economics literature in the late 1940s. But from the

1950s onward, he became its leading proponent, spearheading a group of economists in Virginia that sought to change the nature of the political process, to bring it more into line with what the group considered the wishes of most Americans.

In lectures, articles and more than 30 books, Dr. Buchanan amplified on the theory of public choice and argued for smaller government, lower deficits and fewer regulations — a spectrum of policy objectives that were ascendant in the 1980s conservative agenda of President Ronald Reagan.

Over the years since Dr. Buchanan won the Nobel, much of what he predicted has played out. Government is bigger than ever. Tax revenue has fallen far short of public programs' needs. Public and private borrowing has become a way of life. Politicians still act in their own interests while espousing the public good, and national deficits have soared into the trillions.

Dr. Buchanan partly blamed Keynesian economics for what he considered a decline in America's fiscal discipline. John Maynard Keynes argued that budget deficits were not only unavoidable but in fiscal emergencies were even desirable as a means to increase spending, create jobs and cut unemployment. But that reasoning allowed politicians to rationalize deficits under many circumstances and over long periods, Dr. Buchanan contended.

In a commentary in The New York Times in March 2011, Tyler Cowen, an economics professor at George Mason, said his colleague Dr. Buchanan had accurately forecast that deficit spending for short-term gains would evolve into "a permanent disconnect" between government outlays and revenue.

"We end up institutionalizing irresponsibility in the federal government, the largest and most central institution in our society," Dr. Cowen wrote. "As we fail to make progress on entitlement reform with each passing year, Professor Buchanan's essentially moral critique of deficit spending looks more prophetic."

James McGill Buchanan Jr. was born in Murfreesboro, Tenn., on Oct. 2, 1919, the son of a farmer and a schoolteacher, Lila Scott Buchanan. His grandfather John Price Buchanan was governor of Tennessee from 1891 to 1893.

He attended Middle Tennessee State Teachers College in Murfreesboro, living at home and milking cows to pay his way. He graduated first in his class in 1940, and earned a master's degree in economics at the University of Tennessee in 1941. He joined the Navy, became an officer and served in World War II on the staff of Adm. Chester W. Nimitz, the Pacific Fleet commander.

In 1945, he married Anne Bakke. The couple had no children.

Dr. Buchanan earned his doctorate in 1948 at the University of Chicago, a hive of brilliant conservative economists known as the Chicago School, where he was influenced by the free-market economist Frank Hyneman Knight and by the writings of the 19th-century Swedish economist Knut Wicksell, who likened politics to fair exchanges among citizens and organizations.

Dr. Buchanan began teaching economics at the University of Tennessee, rising to full professor in 1950. He moved to Florida State University in 1951, and became chairman of its economics department in 1954. On a Fulbright grant, he studied in Italy in 1955-56, further developing his ideas on politics and economics.

He then became chairman of the economics department at the University of Virginia in Charlottesville, where in 1957 he and the economist G. Warren Nutter founded theThomas Jefferson Center for Studies in Political Economy. Dr. Buchanan, its director for a decade, called it “a community of scholars who wished to preserve a social order based on individual liberty.”

After a year at the University of California, Los Angeles, Dr. Buchanan, in 1969, joined the Virginia Polytechnic Institute in Blacksburg, where he and the economist Gordon Tullock founded the Center for Study of Public Choice. They moved the center to George Mason in 1983, and it became the headquarters for public choice disciples. Conservative foundations helped support the center financially. Dr. Buchanan lived in Blacksburg.

Dr. Buchanan, an austere man with a severe aspect that many students found intimidating, often spoke of complex phenomena in metaphors, referring, for example, to politics as a game and to the Constitution as its rules. His books included “The Calculus of Consent: Logical Foundations of Constitutional Democracy” (1962, with Gordon Tullock) and “The Limits of Liberty: Between Anarchy and Leviathan” (1975).

He was a senior fellow at the Cato Institute, a libertarian research organization in Washington. He called himself a libertarian, but insisted that his ideas were primarily academic, not narrowly political, even when they inspired citizens’ property tax revolts or balanced-budget movements.

In awarding his Nobel, the Royal Swedish Academy of Sciences cited his work on economic and political decision-making. “Buchanan’s foremost achievement,” it said, “is that he has consistently and tenaciously emphasized the significance of fundamental rules and applied the concept of the political system as an exchange process for the achievement of mutual advantages.”

Dr. Buchanan said the prize highlighted his long struggle for a concept. “I have faced a sometimes lonely and mostly losing battle of ideas for some 30 years now in efforts to bring academic economists’ opinions into line with those of the man on the street,” he said. “My task has been to ‘uneducate’ the economists.”