



Written by [Bob Adelman](#) on January 10, 2013

## James M. Buchanan, Nobel Prize Winner in Economics, Passes at 93

With the [passing](#) of economist and scholar James McGill Buchanan on January 9, 2013, a voice of insight and understanding in a tumultuous world has been stilled.

Born in Murfreesboro, Tennessee, in 1919, Buchanan built his understanding of how the world works with degrees from the University of Tennessee and the University of Chicago (the "[Chicago School](#)"). He taught at a number of universities from 1950 to 1969, after which he served as distinguished professor of economics at the Virginia Polytechnic Institute — Virginia Tech — where he co-founded the Center for the Study of Public Choice. In 1983 he moved the center to George Mason University, where he served as emeritus professor until his death.



An author of more than 30 books and numerous articles, he was noted for his groundbreaking understanding in the area of public choice, the division of economic study that explored how elected and appointed political officials make decisions that often are contrary to the wishes of their constituents. He received the Nobel Prize in economics in 1986 for his work in that field from the Royal Swedish Academy of Sciences which stated,

Buchanan's foremost achievement is that he has consistently and tenaciously emphasized the significance of fundamental rules [in public policy decision-making] and [considered] the political system as an exchange process for the achievement of mutual advantages [among the political players].

Buchanan expressed surprise at the committee's announcement, noting, "I have faced a sometimes lonely and mostly losing battle of ideas for some 30 years now ... My task has been to 'uneducate' the economists."

His groundbreaking work centered on the concept of "logrolling" that takes place during the legislative process between and among legislators, which results in laws being enacted that often are opposed by the constituents who elected the legislators. Logrolling, as Buchanan expressed it, is "a process within which [politicians], with separate and potentially differing interests and values, interact [for each one's] individual ... benefits."

[Here is an example of logrolling:](#)

We have three individuals: Tanis, Alvin, and Rebekah. Tanis favors subsidies for agriculture, Alvin favors school construction, and Rebekah favors the recruitment of more firefighters. It seems as if the proposals are doomed to fail because each is opposed by a majority of voters. Even so, this may



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not be the outcome.

Tanis may visit Rebekah and tell her that she will vote for Rebekah's bill to recruit more firefighters as long as Rebekah votes for her policy, subsidies for agriculture, in return. Now, both proposals will win because they have gained a simple majority, even though in reality the subsidy is opposed by two of the three voters.

In other words, according to Buchanan, logrolling is the expression of the self-interest of politicians to maximize each of their own preferences by trading off favors to others for their support. If not limited by outside constraints, like those enumerated in the Constitution, politicians will see it in their best interests — personal aggrandizement, financial benefits (either personally or for their reelection campaign), or catering to a particular class of voters — to sell their votes on issues that don't interest them in order to obtain support from others on issues that do.

It costs politicians little in the way of political capital, and the gains can be enormous: lifetime tenure in office, public admiration, financial independence, or ego satisfaction. The costs to those opposing a particular bill, however, may be far too high by those impacted negatively to raise a barrier. Any given bill may only cost the average taxpayer a few cents while the benefits lavished on the recipients could be thousands or perhaps millions of dollars.

Simply put, the costs of such legislation are widely diffused while benefits are concentrated. For this insight, Buchanan received the Nobel Prize.

As Austrian economist Jerry Tempelman noted in his critique of Buchanan's seminal work, [The Calculus of Consent](#),

The Founding Fathers set up our political system in order for the general interest to be served rather than interests that only benefit specific groups at the expense of the rest of the population. But elected officials have learned to circumvent that intent by happily trading their vote on issues on which they don't care one way or the other in exchange for votes on issues about which they do care. All members of the legislature end up voting for each other's pet projects, which all get enacted at taxpayers' expense.

This in essence, then, is "institutionalizing irresponsibility" as Buchanan's associate at George Mason, Tyler Cowen, put it. And it explains why little is being done in Washington to stem the tide of entitlement spending: It's not in the politicians' interests to do so.

Only when the Constitutional constraints against such behavior as deliberately applied by the Founders, who knew the nature of man, are rebuilt and restored can such continuing irresponsibility be terminated. We have James Buchanan to thank for lighting the way into a better understanding of the nature of man — and politicians — and as a result, the way back to freedom.

*Photo of James M. Buchanan from 2000: AP Images*

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