

James Buchanan as Intellectual Entrepreneur*

Alex Tabarrok

George Mason University

Abstract

James M. Buchanan led the revolution that dethroned the benevolent dictator assumption. Revolutions, however, are rarely the product of ideas alone. They take planning, strategy, funding, and a cadre of like-minded individuals who attract others to the cause. In leading the revolution, Buchanan had to be more than a scholar; he also had to be an intellectual entrepreneur.

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I. Introduction

James Buchanan was a fountainhead of ideas, as his twenty-volume collected works demonstrate. But there is another side to Buchanan's contributions that is less apparent. Buchanan was more than a scholar, more than an idea man. He was also an intellectual entrepreneur who led a worldwide movement. We like to believe that good ideas defeat bad ideas, that the cream rises to the top, that truth wins out in the end, but as John Stuart Mill (1859) stated, "Men are not more zealous for truth than they often are for error." Indeed, error may attract more zealots, since error can bend itself to flatter, and the truth does not bend.

Buchanan understood right from the beginning that for good ideas to win requires a movement, and a movement is not built on ideas alone, but also on students, on conferences, on outreach, on media, and on money. He was legendary in being willing to read and give detailed comments on papers. He worked with his students and for his students. He wrote letters on their behalf, he attended conferences, he networked, and he served on editorial boards. He raised money. Indeed, the last time I saw Jim was just a few weeks

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before he passed when he came to Fairfax, Virginia, at my request, to help raise money for the Center for Study of Public Choice. He also knew that a movement is never the work of one person alone. It also takes colleagues: like-minded scholars who encourage, challenge, and cooperate in building an edifice, a *Weltanschauung*, a worldview.

II. Giving Rebirth to Political Economy

It was for this reason that Buchanan, joined with Warren Nutter, founded the Thomas Jefferson Center in 1957 (later to become in essentials the Center for Study of Public Choice). Looking back, it is amazing how ambitious his goal was. Buchanan (1958) explained,

In the century from 1750 to 1850 political economists were among the intellectual leaders guiding those political changes that had the results of removing many artificial restraints upon individual choice and initiative.

. . . We live today in the Western World, on the heritage of this greatest of all revolutions in human history.

. . . But with the march of time come great social changes. As these changes have occurred over the last century, political economy and political economists seem to have been increasingly less influential. The increasing specialization of knowledge and scholarship has forced a separation between economics and . . . political philosophy. Economics and political science have become two separate disciplines. Students now spend their entire careers examining tiny areas within each of these broader fields.

. . . American democracy can well commit the irrevocable sin of “social carelessness,” of allowing its institutions to be modified out of all recognition, of allowing them to be divorced bit by bit from their original intent and purpose in the social structure.

. . . Out of ideas such as these . . . the Center was born. The Center represents the institutional embodiment of an effort deliberately made to bring about a rebirth of Political Economy.

Giving rebirth to political economy, which was then at its nadir, was not easy, not in the least because Buchanan was not simply building a movement of ideas; he was building a movement that the mainstream vehemently opposed. Indeed, just how opposed the

mainstream was to the movement wasn't clear until after the painful lessons of the debacle at the University of Virginia (UVA). The story has been told before, although never completely. I will draw on new archival research from Levy and Peart (2014) to highlight a few points.

The problems at UVA began with rejection from the Ford Foundation.. Buchanan and Nutter applied to the foundation for program funding, initially with the university administration's strong support. The foundation, however, reacted very negatively to the proposal. At this point, Ronald Coase, who was a much closer member of the team than is commonly realized,¹ suggested to Buchanan that as a genteel Englishman, he could perhaps sort things out and smooth things over. Coase's notes on his meeting with the foundation to Buchanan and the administration are stunning:

Never once, as I recall it . . . [was any enquiry made] . . . about the research that was being conducted at the University of Virginia. Whatever I said was met by uncomprehending hostility. I was certain when I left [the] room that the request . . . would be rejected. I was deep in gloom; and only in small part because our request was going to be denied. The main source of my gloom was the realisation that in the United States a high official of one of the most important foundations in the country could manifest such disrespect for a group of scholars engaged in the study of the problems of a free society and could find in the expression of a belief in individual liberty and the kind of society envisioned in the American Constitution a cause for suspicion of their honesty and their sense. I do not know how an American would have felt about this. But, as a foreigner who believes that the existence of a decent and civilized world, now in mortal danger, depends on the faith of the Americans in their own society and their will to defend it, I found [the] attitude terrifying. That night I could not sleep. I arose at 5 a.m. and began to draft my first letter. By 9 a.m. I had completed it.

¹ *The Problem of Social Cost* was written while Coase was at UVA, and in fact, Coase sent this paper to the Ford Foundation as an example of the work being done at the Thomas Jefferson Center. Thus, it wasn't just UVA that turned down two future Nobel Prize winners, but also the Ford Foundation.

I would disagree with Coase only on one point; I think the hostility was very much comprehending. In the Ford Foundation's response, the UVA administration saw the writing on the wall. The department would not be able to find mainstream funding—and it could conceive of no other source—so the department was doomed. Later, the secret report on the department put the nail in coffin when it stated that while the department is staffed by “unquestionably capable men,” the “vast majority of economists” regard it as “of a distinctly unfavorable character.” So the UVA department was scattered to the winds before being rebuilt by the entrepreneurial actions of Charlie Goetz and Wilson Schmidt at Virginia Tech.

III. Finding Funding Outside of the Mainstream

Buchanan set out with the Center for Study of Public Choice to find funding outside of the mainstream, and he succeeded. Many gave to the Buchanan program, but the Scaife Foundation deserves special recognition. Long before Buchanan received his Nobel Prize, the Scaife Foundation saw the importance of his program and of the center's work. The Scaife Foundation and its directors are committed to the principles of a free society and open inquiry, and they shared another characteristic with Buchanan. He never wrote for short-run expediency; his eye was always on the long run. He often asked his students, “Would you rather be an intellectual celebrity in your lifetime or write works that could potentially be read 100 or 200 years from now?” (Boettke 2014). Buchanan's choice was clear. With the Scaife Foundation and other farsighted institutions such as the Earhart Foundation, he found all of the virtues of patient capital— institutions that understood that the battle was not for the next election, but for the next generation and the one after that.

Now, to bring this story full circle, the awarding of the Nobel Prize in 1986 to Buchanan signaled the rebirth of political economy—exactly what he had aimed for thirty years before. The Center for Study of Public Choice has inherited Buchanan's mission: to reunite economics with political philosophy and political science, to continue the rebirth and maturing of the new political economy, to expand and extend these ideas in new directions, and to continue to build on the foundations built by people such as Adam Smith, Thomas Jefferson, James Madison, Gordon Tullock, Ronald Coase, and James Buchanan.

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