

The Collected Works of
James M. Buchanan

VOLUME 3

The Calculus of Consent

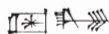


*James M. Buchanan and Gordon Tullock,
Blacksburg, Virginia*

The Collected Works of
James M. Buchanan

VOLUME 3
The Calculus of Consent
Logical Foundations of
Constitutional Democracy

James M. Buchanan
and
Gordon Tullock



LIBERTY FUND

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Foreword

The Calculus of Consent: Logical Foundations of Constitutional Democracy, by James M. Buchanan and Gordon Tullock,¹ is one of the classic works that founded the subdiscipline of public choice in economics and political science. To this day the *Calculus* is widely read and cited, and there is still much to be gained from reading and rereading this book. It is important for its enduring theoretical contributions and for the vistas and possibilities that it opened up for a whole generation of scholars.

Among the major contributions of the book is its model of constitutional decision making; that is, the choice of the rules within which the activities of in-period politics play themselves out. This is a theme that echoes throughout Buchanan's subsequent work, so much so that volume 16 of his *Collected Works* is devoted to the topic of constitutional political economy.² In the late 1950s and early 1960s, choosing the rules of the game was (and perhaps still is) a relatively new topic for economists and political scientists, but the intriguing questions raised by this new perspective continue to entice young economic and political theorists who are busily building this new paradigm of constitutional choice.

Constitutional "choice" in the *Calculus* is unique in that such choice presupposes a type of generational uncertainty that prevents the decision maker from predicting how the choice will influence his or her welfare in the future. Thus, constitutional choice differs from ordinary political decision making

1. James M. Buchanan and Gordon Tullock, *The Calculus of Consent: Logical Foundations of Constitutional Democracy* (Ann Arbor: University of Michigan Press, 1962), volume 3 in the series. Hereafter referred to as the *Calculus*.

2. Volume 16, *Choice, Contract, and Constitutions*.

in that it is devoid of direct self-interest. This is an interesting setting for analysis, and this problem lies at the center of modern economic analysis, in no small part due to the work of Buchanan. Moreover, the relevance of such analysis is apparent all around us in the postsocialist world. Constitutional choices are the order of the day as economies across the world make the transition to market-based institutions, in the process setting off debates and discussions about the appropriate framework of rules for these new social orders.

The *Calculus* is also relentless in its analysis of ordinary political behavior and institutions. Its analysis of logrolling and political exchange under majority rule is still one of the best treatments of this issue in the literature. The attack on majority voting procedures and the introduction of relative unanimity rules (à la Knut Wicksell, the famous Swedish economist) has also been a hallmark of Buchanan's work throughout his career. He often speaks of the early influence of Wicksell on his work, and a photograph of Wicksell hangs prominently in Buchanan's office.

The emphasis on the idea of politics as a form of "exchange" (for example, votes for policy positions) is also an important contribution of the *Calculus*. Politics is presented as a form of exchange that has both positive- and negative-sum attributes. This emphasis, which is a key feature of Buchanan's methodological approach, profoundly altered the way scholars study politics. Politics is no longer viewed as a system in which elites regulate the unwashed masses' excesses, but a world in which agents and principals try (albeit imperfectly) to carry out the public's business. Politics and the market are both imperfect institutions, with the least-cost set of institutions never being obvious in any real case. The moral: We must better understand how institutions work in the real world to make such choices intelligently.

Some of the early reviews of the *Calculus* suggested that its approach, especially its emphasis on unanimity procedures, was conservative in that it would lead to the maintenance of the status quo. History suggests that this was a shortsighted view. In fact, the *Calculus* begot a legion of studies of voting rules, preference revelation mechanisms, legislative institutions, and the like, which are viewed as alternatives to business-as-usual, one man-one vote majority rule procedures. Buchanan and Tullock will have to explain for themselves why they are not conservatives. But, in fact, the *Calculus* is a rad-

ical book. It is a radical departure from the way politics is analyzed, and it carries within its methodological framework the seeds of a radical departure in the way democracies conduct their business. The *Calculus* is already a book for the ages.

Robert D. Tollison
University of Mississippi
1998

Gordon Tullock

Gordon Tullock and I were colleagues for more than a quarter century, at three Virginia universities. We were, throughout this period, coauthors, co-entrepreneurs in academic enterprises, and coparticipants in an ongoing discussion about ideas, events, and persons. There were few, if any, areas of discourse left untouched, and I, more than most, benefited from Gordon's sometimes undisciplined originality.

The origins and narrative account of our collaboration in *The Calculus of Consent* are detailed in the preface. The early reception of the book must, I am sure, have encouraged us to organize, with some National Science Foundation support, the small research conference in Charlottesville, Virginia, in 1963, from which eventually emerged both the Public Choice Society and the journal *Public Choice*, the latter under Tullock's editorship.

James M. Buchanan
Fairfax, Virginia
1998

Preface

This is a book about the *political* organization of a society of free men. Its methodology, its conceptual apparatus, and its analytics are derived, essentially, from the discipline that has as its subject the *economic* organization of such a society. Students and scholars in *politics* will share with us an interest in the central problems under consideration. Their colleagues in *economics* will share with us an interest in the construction of the argument. This work lies squarely along that mythical, and mystical, borderline between these two prodigal offsprings of political economy.

Because it does so, the book and the work that it embodies seem closely analogous to any genuine “fence-row” effort. As almost every farmer knows, there attach both benefits and costs to fence-row plowing. In the first place, by fact of its being there, the soil along the fence row is likely to be more fertile, more productive, when properly cultivated, than that which is to be found in the more readily accessible center of the field. This potential advantage tends to be offset, however, by the enhanced probability of error and accident along the borders of orthodoxy. Many more stumps and boulders are likely to be encountered, and the sheer unfamiliarity of the territory makes unconscious and unintended diversions almost inevitable. To those two characteristic features we must add a third, one that Robert Frost has impressed even upon those who know nothing of our agrarian metaphor. “Good fences make good neighbors,” and neighborly relationships stand in danger of being disturbed by furrowing too near the border line. Orthodox practitioners in both politics and economics will perhaps suggest that we respect the currently established order of the social sciences. We can only hope that the first of these three features outweighs the latter two.

The interdisciplinary nature of the book raises problems of content. Precisely because we hope to include among our readers those who are spe-

cialists in two related but different fields of scholarship, some parts of the analysis will seem oversimplified and tedious to each group. The political scientists will find our treatment of certain traditional topics to be naïve and unsophisticated. The economists will note that our elementary review of welfare theory ignores complex and difficult questions. We ask only for ordinary tolerance, that which prompts the judicious selection of the interesting elements of analysis.

What are we trying to accomplish in this book? Perhaps by answering this question at the outset, we shall be able to assist certain of our readers in understanding our analysis and also forestall misdirected criticism from others. We are not attempting to write an “ideal” political constitution for society. Therefore, the reader will find in this book little more than passing reference to many of those issues that have been considered to be among the most important in modern political theory. We do not directly discuss such things as division of powers, judicial review, executive veto, or political parties. We try, instead, to analyze the calculus of the rational individual when he is faced with questions of constitutional choice. Our main purpose is not that of exploring this choice process in detailed application to all of the many constitutional issues that may be presented. We examine the process extensively only with reference to the problem of decision-making rules. To this is added a single chapter on representation and one on the bicameral legislature. These illustrative examples of the general approach should indicate that many of the more specific issues in constitutional theory can be subjected to analysis of the sort employed in this work.

This analysis can perhaps be described by the term “methodological individualism.” Human beings are conceived as the only ultimate choice-makers in determining group as well as private action. Economists have explored in considerable detail the process of individual decision-making in what is somewhat erroneously called the “market sector.” Modern social scientists have, by contrast, tended to neglect the individual decision-making that must be present in the formation of group action in the “public sector.” In their rejection of the contract theory of the state as an explanation of either the origin or the basis of political society, a rejection that was in itself appropriate, theorists have tended to overlook those elements within the contractarian tradition that do provide us with the “bridge” between the individual-choice calculus and group decisions.

Methodological individualism should not be confused with “individualism” as a norm for organizing social activity. Analysis of the first type represents an attempt to reduce all issues of political organization to the individual’s confrontation with alternatives and his choice among them. His “logic of choice” becomes the central part of the analysis, and no position need be taken concerning the ultimate goals or criteria that should direct his choice. By contrast, “individualism” as an organizational norm involves the explicit acceptance of certain value criteria. This work is “individualist” only in the first, or methodological, sense. We hope that we have been able to make it reasonably *wertfrei* in the second, or normative, sense.

As suggested, we discuss the “constitution” at some length in this book. We shall mean by this term a set of rules that is agreed upon in advance and within which subsequent action will be conducted. Broadly considered, a preface is the constitution of a jointly written book. Since each of us must agree at this point before going on our separate ways to other works, the preface is the appropriate place to describe, as fully as possible, the contribution of each author to the final product. If we apply the calculus attributed to our representative man of this book to ourselves, we must recognize that each one of us, when separately confronted on subsequent occasions, will be sorely tempted to accept private praise for all worthy aspects of the book and to shift private blame to our partner for all errors, omissions, and blunders. To set such matters aright, a brief and jointly authorized “constitutional” preface seems in order.

In the most fundamental sense, the whole book is a genuinely joint product. The chapters have been jointly, not severally, written. We believe that the argument is co-ordinated and consistent, one part with the other. We hope that readers will agree. To some extent this co-ordination results from the rather fortunate compatibility of ideas that have been separately developed, at least in their initial, preliminary stages. Both authors have long been interested in the central problem analyzed in this book, and, from different approaches, they have independently made previous contributions. Buchanan, in his two 1954 papers,¹ tried to explore the relationships between individual choice in the market place and in the voting process. Somewhat later, in

1. James M. Buchanan, “Social Choice, Democracy, and Free Markets,” *Journal of Political Economy*, LXII (1954), 114–23; “Individual Choice in Voting and the Market,” *Jour-*

1959,² he tried to examine the implications of modern welfare economics for the political organization of society. Tullock, meanwhile, has been previously concerned with constructing a general theory of political organization from motivational assumptions similar to those employed by the economist. His earlier work, which was completed in a preliminary form in 1958,³ concentrated largely on the problems of bureaucratic organization.

During the academic year 1958–59, Tullock was awarded a research fellowship by the Thomas Jefferson Center for Studies in Political Economy at the University of Virginia, with which Buchanan was, and is, associated. Although no plans for this book were formulated during that year, the discussions and debates conducted at that time represent the origin of many of the specific parts of the work in its present form. During the latter part of the academic year 1958–59, Tullock completed a preliminary analysis of the logrolling processes in democratic government. This was submitted for publication in June 1959, and it was published in December of that year.⁴ This preliminary version of what has now become Chapter 10 was the first organic part of the final product. Two further preliminary manuscripts were completed in the summer of 1959, although no plans for joint authorship of this book had as yet emerged. Tullock prepared and circulated a mimeographed research paper entitled “A Preliminary Investigation of the Theory of Constitutions,” which contained the first elements of the important central analysis now covered in Chapter 6. Buchanan prepared a paper, “Economic Policy, Free Institutions, and Democratic Process,” which he delivered at the annual meeting of the Mt. Pelerin Society in Oxford in September 1959. In this paper many of the ideas that had been jointly discussed were presented in an exploratory and tentative fashion.⁵

nal of Political Economy, LXII (1954), 334–43. Both of these essays are reprinted in *Fiscal Theory and Political Economy: Selected Essays* (Chapel Hill: University of North Carolina Press, 1960), pp. 75–104.

2. James M. Buchanan, “Positive Economics, Welfare Economics, and Political Economy,” *Journal of Law and Economics*, II (1959), 124–38. Reprinted in *Fiscal Theory and Political Economy: Selected Essays*, pp. 105–24.

3. Gordon Tullock, *A General Theory of Politics* (University of Virginia, 1958), privately circulated.

4. Gordon Tullock, “Some Problems of Majority Voting,” *Journal of Political Economy*, LXVII (1959), 571–79.

5. This paper is published in *Il Politico*, XXV, No. 2 (1960), 265–93. *Il Politico* is a publication of the University of Pavia, Italy.

A final decision to collaborate on a joint project was made in September 1959, and the bulk of the book was actually written during the course of the academic year 1959–60. As previously suggested, Tullock initially developed the arguments of Chapter 10. He should also be given primary credit for the central model of Chapter 6. Insofar as the two elements of the constitutional calculus can be separated, Buchanan should perhaps be given credit for the emphasis upon the unique position occupied by the unanimity rule in democratic theory (developed in Chapter 7), while Tullock is responsible for stressing the necessity of placing some quantitative dimension on the costs of decision-making (discussed in Chapter 8). Buchanan developed the initial version of the analytical framework discussed in Chapter 5, and he is also responsible for the applications of game theory and theoretical welfare economics that are contained in Chapters 11, 12, and 13. The work on the bicameral legislature of Chapter 16 is largely that of Tullock. Ideas for the remaining substantive chapters of Parts II and III were jointly derived. Insofar as the introductory, connecting, qualifying, and concluding material can be said to possess a consistent style, this is because it has at some stage passed through Buchanan's typewriter.

The two Appendices are separately written and signed. Although they discuss the argument of the book in relation to two separate and distinct bodies of literature, the discerning reader can perhaps distinguish the slight difference in emphasis between the two authors of this book. That this difference should be present and be recognized seems wholly appropriate.

We have been disturbed, disappointed, provoked, and stimulated by the comments of numerous and various critics on the book, either on its earlier separate parts or on its final totality. In almost every instance the comments have been helpful. We cannot list all of these critics, but special mention should be made of Otto Davis, Bruno Leoni, John Moes, and Vincent Thursby. Members of this group have devoted much time and effort to a rather detailed criticism of the manuscript, and in each case their comments have been constructive.

Institutional acknowledgments are also required. The Thomas Jefferson Center for Studies in Political Economy at the University of Virginia awarded Tullock the research fellowship that enabled this joint work to be commenced. The Center has also provided the bulk of the clerical assistance necessary for the processing of the book through its various stages. The cooperation of Mrs. Gladys Batson in this respect should be specially noted.

Buchanan was able to devote more of his time to the project because of the award to him, during 1959–60, of a Ford Foundation Faculty Research Fellowship. Moreover, in the summer of 1961, a research grant from the Wilson Gee Institute for Research in the Social Sciences enabled him to carry the work through to final completion. Tullock was provided partial research support for the 1960–61 period by the Rockefeller Foundation, and this has enabled him to devote more time to the book than would otherwise have been possible.

James M. Buchanan
Gordon Tullock