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RESEARCH PAPER

Is Public Choice Still Vivid?

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Abstract
Public Choice does not seem any longer to be a vivid part of the academic literature. The newly introduced version called "Political Economics" partly takes up some of the aspects previously discussed in Public Choice. Whether this new version of political economy has much, or any, impact on economics or political decisions is open. In real life, the ideas contained in Public Choice are more important than ever. Future generations of economists and social scientists may well come back to the important insights gained. This may take considerable time. Public Choice Scholars, therefore, have the important task to stick to their convictions.

Keywords Public choice · Political economy · Political economics · Buchanan · Brenna

JEL Classification A10 · B15 · B52 · D70 · P16

1 Public Choice Today

The title of this paper asks the question: What is the position of Public Choice *today*? Is it still the most fascinating and novel approach to economics as it was from the early 1960s to the 1990s, or has its attraction subsided?

In order to address this question, I consider three different aspects. Section 2 looks at the academic literature; Section 3 at the popular perception by journalists, in the media, in popular books and the general public; and Section 4 asks whether behavior in the real world—most importantly by politicians and bureaucrats—is in line with what Public Choice assumes to be. The last section draws conclusions.

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2 Academic Literature

New and unorthodox ideas and approaches to a well-established field such as economics tend to follow the following path, reflected in articles and citations:

- if accepted, the ideas and approaches first rise quickly;
- then are taken up by at least part of the profession;
- after some time, interest starts to decline;
- and finally, the approach is either integrated (without being cited anymore), often under a different label; or is disregarded.

Shiller (2017) empirically analyzed this temporal development for various "narratives", as he calls them. An example is the "Laffer curve" (page 979) where Shiller shows that there were at first a quickly rising number of articles with the phrase "Laffer curve" as a percent of articles of that year, reached a maximum and then decreased.

2.1 Where is Public Choice in this development today?

The beginning of Public Choice was characterized by several books today considered classics (of course, there are predecessors, such as Schumpeter, 1942; Wicksell, 1896, see Marciano, 2020), Downs (1957), Buchanan and Tullock (1962), Olson (1965), Buchanan (1967), Brennan and Buchanan (1980, 1985), and Ostrom (1990). This period has been covered and excellently surveyed by Mueller (1997, 2003). The respective journal *Public Choice* has received some prominence though not reaching the level of the "Top Five" (Heckman & Moktan, 2020).

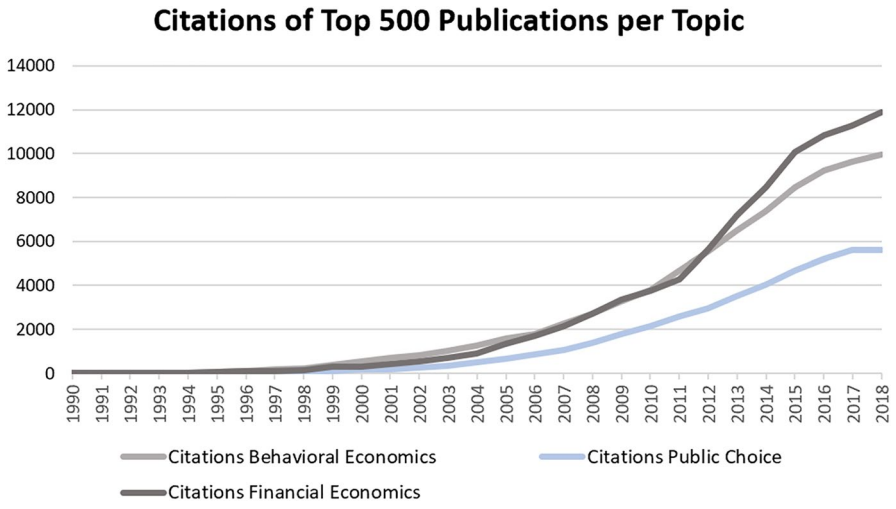
Public Choice, or New Political Economy, was quite quickly taken up by scholars outside the United States. There was a particularly strong interest in German-speaking countries (e.g. Frey, 1970, 1975, 1983, and the reader edited by Pommerehne & Frey, 1979). Eusepi (2006, 2012) raised interest in the Public Choice movement in Italy, not least by founding the European Public Choice Center at the Sapienza University of Rome. At least two new journals were devoted to the subject in Europe, *Constitutional Political Economy* and *The European Journal of Political Economics.*

Interestingly enough, the Public Choice approach was essentially disregarded in the United Kingdom where this kind of thinking seemed to be incompatible with the fundamentals of economics. British economists even today are much influenced by Keynesian thinking in which the government plays a central role and is assumed to always do the right thing. The same is true of France with its strongly hierarchical and centralistic view and structure. In both countries economists were, and still are, strongly attached to the view that a benevolent (central) government devotes itself to maximize social welfare.

Today, Public Choice is certainly less prominent than it was in the 1970s to the 1990s. It reached the greatest attention when James Buchanan received the Nobel Prize in Economics in 1986 (unfortunately without Gordon Tullock, his close

co-operator and co-author of their book *The Calculus of Consent—Logical Foundations of Constitutional Democracy*), that is 35 years ago. In a broader sense, Kenneth Arrow, Amartya Sen and Elinor Ostrom may considered to be political economists. They received their Nobel Prizes a substantial time ago, in 1972, 1998, and 2009, respectively.

Explicit references to "Public Choice" are no longer prevalent in the professional economics literature. This can be seen in the following figure that shows the number of citations for the 500 most citated articles per topic. The citations for public choice still increase over time but compared to other topics this seems to be part of a general trend of more citations in the economic literature. The increase for articles in behavioral economics or financial economics is larger. Public choice compared to these research areas clearly loses popularity.



Judging from personal observations, young scholars in economics know little if anything about Public Choice. The attention of young scholars today is devoted to different aspects in economics, such as behavioral economics. As a result, many economists seem to assume that governments are benevolent institutions. The fundamental attack of Public Choice against the assumption that politicians and public officials are solely engaged in pursuing the "good" for society is disregarded. An important example adorned with a Nobel Prize is the idea of "Nudges" where it is taken for granted that governments are able and willing to correct individuals' systematic errors in behavior such that social welfare is unambiguously increased (Thaler & Sunstein, 2008, for a critique Schnellenbach, 2016).

Interestingly enough, the many *ideas and concepts* of Public Choice have recently been taken up under the name "Political Economics". In particular, attention has been devoted to the role of constitutions determining the behavior of individual actors. The proponents of Political Economics (most importantly Acemoglu & Robinson, 2006, 2012; Persson & Tabellini, 2000, 2003, 2009) make a considerable

effort to present it as a novel approach. They are rather reluctant to even cite the Nobel Prize winner James Buchanan as a pioneer. This neglect is, of course, not due to ignorance or bad intentions but rather to career concerns. Harvard University is said to give tenure to a scholar only if he or she establishes a "new" field in the discipline. There is, therefore, an incentive to treat lightly, or even disregard, previous work in a field.

3 Popular Perceptions

Presently, the ideas brought forward in Public Choice are not of major interest to journalists and activists in the print and social media, nor in the general population. This way of thinking does not correspond to the "zeitgeist" which takes it as a matter of course that governments must intervene to improve the state of the world. This view—which appears rather naïve from the point of view of Public Choice—is absolutely dominant in today's policies to deal with the consequences of the COVID-19 virus. Most citizens, interest groups and other social institutions seem to accept as a matter of course that the government is the only actor able to save society and the economy from the major negative consequences of the virus. There is no discussion about the incentives of public decision-makers to fulfill this goal, and whether there may be viable alternatives. It is disregarded that politicians and bureaucrats may pursue their self-serving interests. Public actors are implicitly assumed to work solely in the interest of society as a whole. The social welfare maximizing assumption is here again despite a large number of empirical studies. Thus, for example, empirical research on the political business cycle (e.g. Frey & Schneider, 1978) clearly reveals that this assumption does not hold.

Another example of the emergence of this zeitgeist is seen in the protests about climate change. The protesters seem to see their government as responsible for implementing suitable measures. This opinion is also widely spread in the media. It is shown that in articles which demand actions against climate change, a majority mention the government as the responsible party for solutions (Liu et al., 2008). It is disregarded, however, that it may not be in the interest of the bureaucrats and the government to implement these measures.

Furthermore, there is the example of trade unions and their shrinking power. Previous studies indicate a declining union density, mainly due to structural changes. There seems to be a decreasing attractivity of trade unions for the youth (Ebbinghaus, 2002). It can be argued that this is a further sign of how the younger generation increasingly rely on the government and see no need to join a trade union.

Finally, the increasing support of neo-nationalist movements in the past decade serves as an example of how people are in favor of shifting the power to the central state. Various studies suggest that the support of right-wing radical parties and neo-nationalist movements can be understood as support for centralism and authoritarianism (von Beyme et al., 2018). This assumption is also indicated by a study in New Zealand showing that right-wing authoritarianism and nationalism are indeed correlated (Osborne et al., 2017). This shows that the people by supporting nationalism

also tend to accept a powerful central state and its role in improving the state of the world, or their specific country.

4 Real Life

Looking at what happens in the polity and economy today from the point of view of Public Choice strongly suggests that its insights are as crucial as ever. One might argue that they have become even more important today.

This statement can be well illustrated with the government policies presently undertaken to fight the COVID-19 virus. This is, without doubt, a huge challenge to mankind. But governments, bureaucrats and interest groups all over act according to the principle "never miss a crisis" in order to extend their power over the citizens. We experience today huge interventions into human and civil rights of individuals, even beyond constitutional limits. To fight the pandemic, everything seems to be allowed. Governments all over hugely raise public expenditures, often financed by central banks buying government bonds, i.e. by virtually printing money. Public debt is exploding as a share of GNP. Fiscal rules such as (national) debt brakes (Schuldenbremse) are thrown overboard or shifted to the far away future. These actions benefit politicians, bureaucrats and central bankers who can extend their spheres of influence. This results in a huge increase not only in public expenditures but also in public employees and their compensation. Such behavior does presently not experience any cost or political resistance.

The same applies for climate change. It does not seem that governments are truly willing to undertake an active role in acting against climate change. Instead, it largely seems that the state only implements measures that raise its popularity while not harming the interests of the lobbies.

Under these conditions, the actors in the private sector quickly learned a lesson: instead of fighting the self-serving interests of public actors, they find it much easier to ask for financial support in the form of subsidies. This support is generously granted as the public actors face little or no constraint with respect to handing out money. As a result, the public and private actors live in a comfortable relationship. Of course, future generations have to carry the immense costs but most of the respective young individuals do not yet have voting power, are not yet living, or they strongly discount the future. All these constitutional and incentive aspects have been dealt with in the Public Choice literature but are scarcely discussed today though they are of crucial importance.

5 What Follows?

According to our analysis, Public Choice is no longer a vivid part of the academic literature though it must be accepted that the newly invented version of Political Economics partly takes up some of the aspects otherwise disregarded. However, it is unclear whether this re-invented version has much, or any, impact on the science of economics or on political decisions.

Our discussion leads to a clear conclusion: as the government still acts as an actor with self-serving interests, it is more important than ever to pursue the ideas produced by Public Choice, be it under this or another name. It may well be that future generations of economists and social scientists come back to the important insights gained in Public Choice. But that may take considerable time. Scholars in Public Choice, therefore, have the important task to stick to their convictions.

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Declarations

Conflict of interest As sole author I state that there is no conflict of interest.

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