
Academic Entrepreneurship in Sometimes Hostile Environments

*James Buchanan and the Virginia
School of Political Economy*

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Among the class of scholars who are fortunate enough to win the Nobel Prize, James Buchanan clearly stands out. Although Buchanan is well known for his work in public finance, public choice, and constitutional political economy, even the most cursory knowledge of his career reveals that he was a scholar who was often out of step with the elite of the profession. Buchanan's career spanned the postwar era, and he was one of the emerging voices of the resurgence of political economy in response to the neoclassical synthesis of Keynesian macroeconomics and market-failure microeconomics.

After attending graduate school at the University of Chicago, he never left the American South for more than a year. After working for a few years at the University of Tennessee and Florida State, he moved to Charlottesville to join the faculty

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at the University of Virginia. Following a brief and, in his view, traumatic year in Westwood at the University of California-Los Angeles, he landed at Virginia Polytechnic Institute. He would end his career at George Mason University, the recently independent university that began as a branch campus of the University of Virginia, which he had left fifteen years prior.

In this article we study the career of James Buchanan by focusing on the perspective of academic entrepreneurship and on his (and others') efforts at institution building¹—that is, the creation of academic spaces for scholars to work and for graduate students to be trained in their mold. In challenging the prevailing orthodoxy of his era, he engaged in various efforts in academic entrepreneurship to escape difficult, even hostile, situations.² Over the course of his career, Buchanan held academic appointments both within and outside economics departments: he was not only department chair but also vice president and president of several professional associations.³ And, most importantly, he had a direct hand in the construction and management of research and educational centers at the University of Virginia (UVA), Virginia Polytechnic Institute (VPI), and George Mason University (GMU).⁴ We provide a historical context behind the trajectory outlined above: the career setbacks, the responses to those setbacks, and the intellectual context of Buchanan's academic entrepreneurship. In short, we show how James Buchanan and the Virginia School of Political Economy were successful despite operating in methodologically and ideologically hostile environments.⁵ In doing so, we provide both an intellectual and an institutional history of the Virginia School, and contribute to a growing literature dealing with Buchanan's academic entrepreneurship in developing a "creative community" (e.g., Medema 2011), "liberal political economy" (e.g., Wagner 2017), and an "economics of natural equals" (e.g., Levy and Peart 2020).

In the following section we begin by giving readers an introduction to what we see as the Buchanan project, before concentrating on the UVA years. In the third section we focus on the VPI years, Buchanan's analysis of higher education, and his increasing distance from the mainstream of economics. Next, we focus on the GMU years and Buchanan's perception of the role of the academic entrepreneur. In the final section we consider Buchanan's view of the efforts of classical liberals to carry on the project.

1. Although Gordon Tullock is, of course, indispensable to understanding the whole of public choice, this article is focused on Buchanan and his project. For more on the related Tullock project, see Rowley 1991; Medema 2000, 2004; Wagner 2008; Rowley and Houser 2012.

2. We substantiate the claim of hostility in this article. We are keen to avoid claims of martyrdom or persecution while emphasizing the sour relationship and Buchanan's strong views about the matter.

3. Including the Southern Economic Association, the Western Economic Association, the American Economic Association, the Public Choice Society, and the Mont Pelerin Society.

4. Thomas Jefferson Center (UVA:1958–1968) and Center for the Study of Public Choice (VPI: 1968/1969–1983; GMU:1983–).

5. Although Buchanan benefited from sustained periods of administrative and departmental support, he left UVA, UCLA, and VPI feeling spurned. These experiences are detailed later in the article.

The Market Maker in the Market for Ideas

We found ourselves in a position where we could, indeed, act as academic entrepreneurs.

—James Buchanan, “The Virginia Renaissance in Political Economy” (2006)

While in graduate school at the University of Chicago in the aftermath of World War II, Buchanan and his classmate G. Warren Nutter shared a sense of frustration with the growing loss of the grand tradition of classical political economy as represented by Adam Smith. In the late 1950s, Buchanan found himself on the same faculty as Nutter at the University of Virginia, and the two decided to establish a unique academic entrepreneurial venture. With the support of William Duren, dean of the faculties, and Colgate Darden, president of UVA, Buchanan and Nutter established the Thomas Jefferson Center for Studies in Political Economy and Social Philosophy at the University of Virginia.⁶ In a university newsletter describing the founding of that center, Buchanan (1958) explained that “the Jefferson Center strives to carry on the honorable tradition of ‘political economy.’” He wrote:

Political economists stress the technical economic principles that one must understand in order to assess alternative arrangements for promoting peaceful cooperation and productive specializations among free men. Yet political economists go further and frankly try to bring out into the open the philosophical issues that necessarily underlie all discussions of the appropriate functions of government and all proposed economic policy measures. (1958, 5)

Although the location would change and figures would come and go from the Virginia School of Political Economy, we argue the way to understand the Buchanan project is contained in the words above.

Buchanan and Nutter were compelled to act entrepreneurially in the field of higher education because of the emerging post-World War II hegemony of the Keynesian consensus and the idea that economics was a form of social engineering, in which economists could offer technical advice to benevolent decision makers in order to steer the economy in the right direction. “We sensed that economics had shifted, and was shifting, away from its classical foundations as a component of a comprehensive moral philosophy, and that technique was replacing substance,” Buchanan would write in reflecting on that time. “We concurred in the view that some deliberately organized renewal of the classical emphasis was a project worthy of dreams” (Buchanan 2001, 51).

6. The “and Social Philosophy” would eventually be dropped from the title of the center. In the original draft proposals for the center one can see this aspect was critical to the motivation behind the enterprise. See Boettke and Kroencke 2020.

At the time, Nutter often referred to their effort as “saving the books” of the grand tradition of political economy against the onslaught of a new era of technocratic scientism that disregarded the past. Buchanan, although respectful of past thinkers from Adam Smith to Frank Knight, did not really conceive of the project as one of purely conserving past knowledge but rather as a forward-facing research agenda. Whereas Nutter invoked “saving the books,” Buchanan would later adopt the phrase “dare to be different” (Buchanan 1962b). He used this phrase to capture the fact that the training and development of the center’s graduate students and the ongoing research of the faculty⁷ was decidedly and intentionally different from that of others in the economic profession—the center was exposed to pre-Samuelsonian and pre-Keynesian political economy. Buchanan encouraged the center’s scholars and students to build upon this more classical tradition in their own original research. Although he did not adopt the “dare to be different” motto until later, this independent spirit was already evident in the founding documents of the Thomas Jefferson Center and present in later iterations of the Virginia School of Political Economy.

Buchanan’s conclusion, that the best way forward was by building on the best ideas of the past, can be seen throughout his career in a variety of contexts. During the same time period as the Thomas Jefferson Center, but in an explicitly ideological context, Buchanan responded to a memo soliciting his opinion about the Mont Pelerin Society (MPS): “What is now needed, most of all, is a genuine reconfirmation of the purpose and ideals of the society, the maintenance of an international community of libertarian scholars” (1962a, 2).⁸ “The society,” he continues, “has properly refrained from partisan political activity. This attitude should be maintained. The appropriate role of the society is that of ensuring the survival of a set of ideas and ideals, once widely honored, but now held only by a minority of intellectual leaders in the Western World, and by even fewer elsewhere” (Buchanan 1962a, 2). Buchanan believed that the success of MPS and its goal of a sustainable liberalism required that the new generation of libertarian scholars move beyond the mere maintenance of an intellectual tradition:

Survival is not enough, however, and sterility is the central result if a deliberate clinging to old-fashioned clichés and concepts is fostered. Legitimate survival of the time-honored ideals of the free society can be achieved only through a continuously critical examination of the bases of libertarian doctrine, along with a tolerance of change in the structure of libertarian thought. Perhaps most of all, the society should promote and encourage critical reflection on social issues, for surely genuinely critical analysis must reveal the fallacies that confound orthodox intellectual opinion in all countries. (Buchanan 1962a, 2)

7. Additional insight into the difference in outlook between Nutter and Buchanan can be found in Buchanan’s reminiscence that “Nutter was never wholly sympathetic to the extension of analysis to politics, and had Coase remained on the faculty, it surely would have been more difficult for Tullock and me to shift research emphasis so strongly in that direction” (Buchanan 2006, 7).

8. This is Buchanan’s memo to the MPS leadership that was solicited in 1961 from several key younger members who would be entrusted with the future development of the organization and in the wake of an internal shake-up of the organization.

Buchanan warns not only of the dangers of intellectual dogmatism but also of the fads and fashions of the “professional libertarian” class who threatened MPS with becoming little more than “congenial gatherings” and an opportunity to enjoy “the sophistication of European life” (Buchanan 1962a, 1). The more clerical liberals were liable to turn off the unanointed and disappoint or disillusion the more successful liberal scholars, especially among the younger cohort for whom Buchanan would emerge as a main spokesman within MPS, where he eventually rose to serve as the president (1984–1986).

The enterprise of the Thomas Jefferson Center back at the University of Virginia took off in the 1960s. Consider the research output of just the one year, when Buchanan and Tullock published their landmark book, *The Calculus of Consent* (1962). During this same year Nutter also published his major study on Soviet economic performance, *Growth of Industrial Production in the Soviet Union* (1962), which presciently analyzed the weakness of the Soviet economy,⁹ and Leland Yeager published an edited volume, *In Search of a Monetary Constitution* (1962). The books were published by the University of Michigan, Princeton University, and Harvard University presses, respectively. The graduate students during 1962 included, among others, Otto Davis, Mark Pauly, Charles Plott, Robert Tollison, and Richard Wagner, who would go on to successful placements at institutions such as the University of Pittsburgh, Purdue University, and Cornell University. This year was representative of the research output done at the center, whose scholars were often published in top journals. One particular work, published in a start-up journal, would become one of the most cited in the field: “The Problem of Social Cost” by Ronald Coase (1960).

Buchanan did not limit his institution building to the thick vertical relationships that were emerging in the Department of Economics at Virginia and the Thomas Jefferson Center or with fellow members of MPS. During the UVA period he also built strong horizontal relationships within the economics profession at large and with the social sciences and humanities more generally. For instance, the list of visiting scholars includes

1958 (Spring semester)	Frank Knight
1958–59	Maurice Allais
1959–60	Bertil Ohlin
1960–61	Bruno Leoni
1961 (Spring semester)	F. A. Hayek
1961 (Fall semester)	Michael Polanyi
1962	Duncan Black
1965–66	W. H. Hutt

9. For more on the history of American economists overestimating Soviet economic growth and the reception of Nutter’s work, see Levy and Peart 2011.

In addition to these visiting scholars, guest lectures were given by Coase (a year before being hired), Charles Lindblom, Peter Bauer, Robert Dahl, and T. W. Hutchinson. Beyond these more typical acts of entrepreneurship, Buchanan and Tullock seized the opportunities available to them.

Two positions, in particular, gave Buchanan the ability to establish a name for himself and his academic approach. First, Buchanan served as president of the Southern Economics Association (1963–1964) and used the occasion of his presidential address to publish “What Should Economists Do?” (1964). What was to become his most lasting venture began first with a meeting of methodologically kindred social scientists: the Committee on Non-Market Decision Making in 1964. Shortly afterward, Tullock became the founder/editor of *Papers in Non-Market Decision Making*. The committee and the journal would morph over the next few years into the Public Choice Society and the journal *Public Choice*. Buchanan served as the first president of that society, and Tullock would be the editor of that journal for the next several decades. The names associated with the committee and the early meetings of the Public Choice Society constitute a “who’s who” list of economists, political scientists, and philosophers.

Buchanan always straddled the line between insider and outsider. He held varying degrees of affiliation, recognition, and distinction from the core of the economics profession throughout his career, but during the UVA years he was especially active in the American Economic Association. Buchanan recalls that “one of my proudest moments was recorded when Jack Gurley, then editor of the *American Economic Review*, in 1963 or 1964, stated in a general meeting of the American Economic Association that Virginia’s graduate students were submitting more interesting manuscripts than those of any other institution in the country” (1983a, 8). Relatedly, Steve Medema remarks that “[i]t could be argued that Buchanan’s ‘orthodoxy,’ so to speak, provided an entrée and a degree of legitimacy that might not otherwise have been present—evidenced in the access of public choice scholarship to AEA sessions, National Science Foundation funding, and so on during the early days of the movement” (2004, 52–53). These relationships helped allow Buchanan and Tullock to secure sessions on non-market decision making at American Economic Association meetings during the 1960s (Medema 2009, 152).

We detail these achievements to contextualize the shock felt by Buchanan and other members of the Thomas Jefferson Center as the ground beneath them at the University of Virginia shifted. The success of the Thomas Jefferson Center brought out its critics, detailed in the research of David Levy and Sandra Peart (2020) which highlights the controversy between UVA and the Ford Foundation. This controversy would disturb the Thomas Jefferson Center’s standing at the University of Virginia. Buchanan’s academic entrepreneurship ran into a roadblock that was *ideological* in nature. A change in university administration, combined with hostility from faculty in the humanities, created an increasingly inhospitable environment for the economics department and Buchanan’s research and graduate

education enterprise in particular. As the 1960s rolled on, Nutter left to pursue public policy work in Washington, D.C., Ronald Coase would be bid away by the University of Chicago and received no serious counteroffer from UVA to stay (despite his stated desire to remain in Charlottesville), Gordon Tullock would repeatedly fail to be promoted and eventually left for Rice University in 1967, and James Buchanan decamped to UCLA in 1968. Only Leland Yeager, out of the formidable research team that constituted the Thomas Jefferson Center for Studies in Political Economy, would remain on UVA's faculty.

As a result of these events, the department and UVA in general would be hurt. UVA's economics Ph.D. program would never again rank as a top ten department as it once had. Buchanan would emphasize in reflection, that these hostilities came “[d]espite [the Thomas Jefferson Center’s] dramatic success story,” reasoning that “the program was too different from mainstream academic attitudes within the University itself, and notably to attitudes held by those outside economics” (1983a, 8). In an effort to enforce ideological conformity, the UVA administration pushed away two future Nobel Prize winners (Buchanan, Coase), three Distinguished Fellows of the American Economic Association (Buchanan, Coase, Tullock), and a member of the American Political Science Association’s Hall of Fame (Tullock). In short, they chose conformity to a comfortable ideology at the expense of academic achievement. In many ways this treatment, despite meeting objective success metrics (e.g., publications, rankings, placements), caught Buchanan off-guard¹⁰ and was a lesson that he would take to heart.

Chaos in California, Refuge in the Mountains

When we came here, the institutions of order everywhere seemed to be crumbling. The dire predictions of William Butler Yeats seemed prophetic. Geographically, we sought refuge in the Virginia mountains.

—James Buchanan, “Heracitian Vespers” (2004)

Buchanan’s move to UCLA was fraught from the very beginning. In an attempt to escape the frying pan, Buchanan found himself in the fire. These were tumultuous times, and although the economics department at UCLA was ideologically compatible, the broader political situation was shocking to someone of his generation and background.¹¹ Student unrest and frequent protests disturbed what Buchanan had

10. Looking back in 1983, Buchanan said, “It is difficult for us to understand the petty ideological envy of the period, and the inability of the University’s administrators to separate ideological rancor from standards of scholarship remains incomprehensible to those of us most closely affected” (Buchanan 1983a, 9).

11. Buchanan grew up on a farm in rural Tennessee before attending Middle Tennessee State University and serving in the Navy under Admiral Nimitz in the Second World War. The University of Virginia is located in bucolic Charlottesville. For more on Buchanan’s reactions to UCLA and his thoughts on higher education more generally, see Fleury and Marciano 2018.

described as the “ordered anarchy” of academic life (1968). His experience at UCLA led him to address the problem of higher education in depth, and he attempted to do so with the tools of economic reasoning. This led to the publication of *Academia in Anarchy* during his time at UCLA (Buchanan and Devletoglu 1970). One year after his move, Buchanan left California and returned to Virginia to join forces once again with Gordon Tullock at Virginia Polytechnic Institute (VPI).

The revival of the Virginia School of Economics happened by chance when Tullock was hired in 1968 by VPI department chair Wilson Schmidt, who had previously hired UVA Ph.D. Charles Goetz (Medema 2000, 305–6; Rowley and Houser 2012, 18). Tullock would become director of the newly founded Center for Studies of Public Choice, a position he held for only a year. With the situation deteriorating in California and the promise of a supportive administration and familiar faces, Buchanan then joined the department and became director of the renamed Center for Study of Public Choice in 1969.¹² The VPI years of the Virginia School would be as successful as the UVA period. As he looked back on this time in the mid-1980s, Buchanan compared the UVA period and the VPI period:

This new Center had a somewhat narrower purpose than the Thomas Jefferson Center. Experience had shown us that an understanding of the market process was a necessary but not a sufficient condition to secure the intellectual-analytical foundations of a free society. This understanding is greatly strengthened in practice by a complementary understanding of the political process. (1983a, 10)

Although it is true that there is a difference in the output of the Virginia School between the two periods and that one could argue that the school became more operationalized during the VPI years, the success of the applied research program at VPI shouldn't lead to confusion about the social philosophic nature of the project. Here we can see that the purpose of the applied research in Buchanan's mind was a little different.

The importance of this relationship, between specialized positive research and broader questions of political economy and social philosophy, can be brought into sharp relief by considering Buchanan's negative view of more mainstream practitioners in the field. In the same retrospective look at the progression of the Virginia School, Buchanan admitted: “Our graduate schools are producing highly trained, highly intelligent technicians”; however, they “are blissfully ignorant of the whole purpose of their alleged discipline” (1983a, 12). What is this purpose? Buchanan continues by claiming that “[the technicians] feel no *moral* obligation to convey and to transmit to their students any understanding of the social process through which

12. Looking back on the move, Buchanan would stress the appeal of Blacksburg as a respite: “This academic location deep in the Virginia mountains seemed to offer some partial escape from the insanity that was going on all around us. It was indeed a relief to get away from the absurdities I had observed firsthand at UCLA” (2004, 3).

a society of free persons can be organized without overt conflict while at the same time using resources [with] tolerable efficiency” (1983a, 12, emphasis ours). This divergence between the Virginia School and the mainstream economic technicians would ultimately lead to a second move of the center, from Blacksburg to Fairfax.

In a paper delivered at the MPS meetings in Rockford, Illinois, in August 1971, after the tumultuous series of events that led him from UVA to UCLA to VPI, Buchanan examined the internal and external institutions of decision making in higher education. He argued that despite the dysfunction in colleges and universities, the academic marketplace functions reasonably provided plenty of alternatives from which to choose for both scholar-scientists and students. Government funding and various cartelization efforts meant that the higher education industry was not fully competitive.

Critical to our purposes is Buchanan’s central claim that “so long as effective competition among many separate and independent producing units can be maintained, the internal organization of a particular unit or units *does not matter*” (1971, 5; emphasis in original). We emphasize this because it provides insight into the way that Buchanan thought about how academics should deal with hostile environments. Whether hostility stems from overzealous administrators or hostile faculty, or whether hostility is ideologically or methodologically motivated, Buchanan argued that the exit option provides some ballast to protect the academic freedom and integrity of scholar-scientists. However, an exit does come with a cost, a cost that Buchanan argued is the normal price the academic must pay for his freedom and integrity. As Buchanan stated his position:

In my own personal judgment, hierarchical internal organization of a university has much to recommend it. I should support this model, however, only within the context of a competitively organized total educational industry. The single most important feature of competitive organization is its provision of alternatives. Hence, the potential for personal exploitation of individuals under any internal process is constrained by the presence of alternative opportunities. (Buchanan 1971, 7)

As long as scholars have alternatives, they will be able to join other institutions that will be more congenial to them and fit more in line with their conception of a university. In this environment of effective competition, the best scholar-scientists rarely allow themselves to become involved in the university or college bureaucracy, because they are content to continue to pursue their teaching and research independently.

To this point, it is worth invoking Frank Knight. In Knight’s landmark *Risk, Uncertainty, and Profit* (1921) he outlines a theory of perfect competition, in which mutual gains from trade are exhausted, and then contrasts it with imperfect competition, in which there are still unexploited gains from trade. Any divergence between perfect competition and imperfection represents a profit opportunity for alert entrepreneurs. Buchanan knew that the particular incentives internal both to the modern

research university and to the hierarchically oriented scientific disciplines limited entrepreneurial action, resulting in a mind-numbing conformity. To counter this bias toward conformity and thus mediocrity, Buchanan developed his “dare to be different” message while at UVA.

Buchanan believed that a school such as University of Virginia should not find itself among the most elite universities in the United States, nor should it find itself among the mediocre. Its place in the competitive marketplace of academic institutions is a function of the choices the administrators and faculty make. Therefore, if they were to mimic the more elite institutions, they would be destined to be pale comparisons. On the other hand, if they were to succumb to the arrogance of the eccentric, they would be relegated to permanent outsider status. Instead, Buchanan argued, a university must “dare to be different” and strive for excellence in scholarly and educational endeavors by not simply imitating higher-ranked programs. As such, he viewed what later happened to him and his research group at University of Virginia as a breach of trust to the aspiration of excellence and an embrace of mediocrity.

In the early 1970s, Buchanan was involved in a set of discussions with fellow economists such as Armen Alchian, Karl Brunner, and Harold Demsetz in the establishment of the Foundation for Research in Economics and Education (FREE). Buchanan, in particular, stressed the paradoxes and opportunities that would be confronting America at the beginning of the “third century.”¹³ Buchanan argued that the academic status quo and the intellectual establishment, in general, exhibited a bias that reflected an “increasing ‘distance’ between the attitudes reflected in our schools, colleges, and on our TV screens, and the attitudes that are genuinely expressive of the thinking of the ordinary man” (1973, 17). Buchanan was quick to point out that he did not believe the intelligentsia should merely be a mirror of the attitudes and beliefs held by the general public. Rather, scholars and intellectuals should critically examine attitudes and institutions. However, the conventional wisdom among the intelligentsia circa 1970 embodied a passionate defense of collectivization and was based, Buchanan argued, “on a naïve and romanticized faith in the ability of the petty intellectuals to plan utopia for us all” (1973, 18). Such ideas, Buchanan further argued, were out of step with what we had learned from developments in political economy and what we had experienced with the increasing frustration with the growth of government in the post–World War II era. What was needed, he continued, was a “counter-intelligentsia” where like-minded academics strived to “build a network among those few and often isolated islands in academia” (18) to work toward an articulation of an anti-collectivist argument.¹⁴

13. Both the notes to a conference and a working paper Buchanan wrote, entitled “The Third Century” (1973), are in the Buchanan archives in a folder labeled The Third Century.

14. In a talk from 1979 honoring Hayek, Buchanan argued that rather than seeing the different strands of classical liberal political economy in conflict with each other, one should look for the points of conciliation and that, he argued, we must marry the contributions of the Austrian school with property rights economics, law and economics, and public choice economics. See Buchanan 2015.

Later in the decade, Buchanan would become increasingly frustrated with his situation at Virginia Tech as the Center for Study of Public Choice became alienated from the economics department. Stemming largely from the efforts of department chair Daniel Orr, the economics department at VPI became less committed to the paradigm created by Buchanan and the members of the Center for Study of Public Choice. Between Orr's arrival in 1978 and 1982, when Buchanan signed a memorandum of understanding with George Mason University, the situation progressively deteriorated.

In Buchanan's thinking, Virginia Tech, like the rest of economics, was becoming more technically focused and was therefore losing, not gaining, insight. In response to this perceived Kuhnian loss, Buchanan continued to think about his role as an economist. A glimpse into the pessimistic view of the then-sixty-year-old Buchanan can be found in the epilogue to his collection of essays *What Should Economists Do?* (1979). According to Buchanan:

To anyone who reads the methodological urgings contained in the essays of this volume, written over almost two decades, and who simultaneously looks at what passes for "economics" there is only one evident conclusion. The author of the essays is almost the only one in step or else he writes under some delusion that he is something that he is not. If not an economist, what am I? An outdated freak whose functional role in the general scheme of things has passed into history? Perhaps I should accept such an assessment, retire gracefully, and, with alcoholic breath, hoe my cabbages. Perhaps I could do so if the modern technicians had indeed produced "better" economic mousetraps. Instead of progress, however, I see a continuing erosion. (279)

Buchanan would simply not be put out to pasture and continued working up until his death over three decades later.

Academic Entrepreneurship at George Mason

George Mason University was a surprising exit option. The first sign of any interest was shown by Buchanan himself while in conversation with Karen Vaughn at the AEA meetings of December 1981. As Vaughn recalls, "When Jim first mentioned to me that he might be interested in moving the Public Choice Center . . . I thought he was joking" (Vaughn 2015, 105). GMU was a relatively new university, founded the year after Buchanan received his Ph.D. as a satellite campus of the University of Virginia, and it wasn't an independent university until 1972. Despite obvious disadvantages, the newly independent university, led by George Johnson, was a nimble and entrepreneurial institution located in a growing region. Knowing the inherent difficulties of establishing a modern research university, Johnson focused on the comparative advantages due to its location close to the halls of power in Washington, D.C. The "venture capitalist of the university" was also willing to match Buchanan's and the other economists' salaries at Virginia Tech: "If they're good enough, we'll pay them" (Cohn 1985).

More than just being interested in leaving his worsening situation, Buchanan was interested in the opportunities available at George Mason University in the early 1980s. GMU had become a center of Austrian activity largely due to the efforts of Vaughn. First, in 1980, Richard Fink and his nascent Austrian Economics Program at Rutgers (Newark) moved to George Mason University after running into difficulty expanding in New Jersey. Fink and Vaughn formed the newly renamed Center for the Study of Market Processes.¹⁵ The following year, in 1981, Fink and Vaughn persuaded the other members of the economics department to hire Don Lavoie and Jack High. In just two years, George Mason had a four-person Austrian economics research center. This, combined with a new Ph.D. Program, meant that George Mason offered a promising institutional setting for economists who dared to be different.

After the initial conversation, Vaughn informed the other faculty members and set up a meeting with Buchanan in Blacksburg, where she made the case for George Mason University. “My pitch to Jim was basically this,” she wrote, “GMU is young, the economics department will have a brand-new PhD program to structure, and there are no entrenched interest groups to oppose the public choice agenda” (2015, 106). Beyond this, there was a lack of practical difficulties commonly associated with moving a research center, which made George Mason a better fit than other more established universities. As Vaughn explained, “Because we were growing, we were able to create room for seven faculty at once: a 30 percent increase in the size of our department in one fell swoop” (2015, 106). In May 1982, Buchanan signed a memorandum of understanding to move the Center for Study of Public Choice and its associated faculty to GMU in 1983.

From the archives it is clear that Buchanan struggled with the decision of whether to use the academic exit option again. In a letter to J. Wade Gilley, senior vice president of GMU, included with the signed memorandum of understanding, Buchanan explained his decision. Buchanan had spoken to William Lavery, and during that conversation, the long-term president of VPI “reaffirmed his own willingness to step into the situation here and make whatever administrative changes and other internal adjustments that would be required to keep the Center . . . but he does insist on a precommitment that the Center would stay” (Buchanan 1982a, 1).¹⁶ The options before Buchanan and his colleagues, he explained, were:

[r]emaining here as “victors” in an unnecessary internal embroglio, with heads on the floor figuratively, and with residues of bitterness and rancor throughout the administrative structure below Lavery himself, or shifting to George Mason University, given the costs of dislocation and moving, which are considerable for several of us. (1982a, 1)

15. Later named the Center for Market Process before becoming the Mercatus Center.

16. In a letter to Rowley, Buchanan goes into more detail, “He then stated that he would, upon a commitment from me that the Center would stay here, simply take the hard decision, f[i]re Orr, and turn over the department to me, or to someone of my designation” (Buchanan 1982b, 1).

In a letter written to Charles Rowley on the following day, Buchanan made it clear that he would have considered staying:

if Lavery had, even yesterday, come in with a package all tied and delivered, done up already, I might have genuinely called the whole thing into question. But I will not stay here under conditions where a response is made solely and strictly to meet my demands, when the actions should be taken wholly independently of any desires on our part. (1982b, 2)

In the letter, Buchanan also made it clear that the decision to move to GMU was unanimous by the members of the center. This time Buchanan's use of the exit option landed him a perch with both methodological and ideological synergies.

Additional archival evidence sheds light on Buchanan's view of academic entrepreneurship in the success of academic programs. Buchanan stressed the critical value of academic entrepreneurship in academe in an April 1983 letter to the dean of the GMU College of Arts and Sciences, Donald Eckelmann:

The scarcest talents in modern academia are those of effective and enthusiastic administrative leadership. Too many of our peers enjoy the free rides, and without leadership a program goes nowhere. To this point, Karen has really shouldered almost alone the burden of trying to get the economic program at George Mason University into nationally and internationally recognized status. (1983b)

Buchanan also referred to a letter that he had written to Eckelmann on the same topic the previous year. In that letter, he laments what he sees as an institutional failure of academia to consider this role in standard promotion and compensation criteria:

Unfortunately, in academia we do not have a residual claimancy status for entrepreneurs as in business . . . Karen is, of course, a dedicated scholar of first rank, as her record indicates. But this year demonstrated to me that she has an even rarer talent, that of sensing what can be done within the sometimes tough constraints of academic communities, and of getting parties involved on mutually beneficial rather than on mutually conflicting tracks. (1982c)

Shortly after Buchanan's 1983 letter to Eckelmann, Karen Vaughn was promoted to chair of the economics department.¹⁷

After committing to GMU, Buchanan spoke directly about the hostile environment at VPI in his short talk "The Dishwater of the Orthodoxies" at the last Liberty Fund conference held by the Center for Study of Public Choice in Blacksburg, July 1982 (Buchanan 1982d). The title of the remarks invokes George Orwell's essay on Charles Dickens, which ends with a depiction of how Orwell imagines the late novelist:

¹⁷ Like Buchanan, she would later serve as president of the Southern Economics Association, among other important roles.

It is the face of a man of about forty, with a small beard and a high color. He is laughing, with a touch of anger in his laughter, but no triumph, no malignity. It is the face of a man who is always fighting against something, but who fights in the open and is not frightened, the face of a man who is *generously angry* in other words, of a nineteenth-century liberal, a free intelligence, a type hated with equal hatred by all the smelly little orthodoxies which are now contending for our souls.¹⁸

In his remarks, Buchanan adopted the tone of an angry man. He argued that the orthodoxies contending for the soul of economics, although not necessarily “smelly” were nevertheless dangerous. Saltwater and freshwater alike, the orthodoxies were “dull, dead, drab, dirty” and never alive enough to actually stink (1982d, 3). As Buchanan was quick to point out, however, one can nevertheless drown in dull and drab dishwater. It is the dull, dead, drab, and dirty dishwater of social scientific orthodoxy in the mid-twentieth century that had to be resisted and effectively drained away so that a new science of association among free and responsible individuals could be developed. Those who held the efficacy of majoritarian democracy or the necessary efficiency of modern bureaucracy as sacrosanct had to be disabused of such notions. This would require disruptive intellectuals. Most scholars who are comfortable in their academic life don’t want to permit the methodological reevaluation required; instead they resist change and seek to cast out the heretic. Buchanan counters that when the only recourse left is dismissive name-calling, that means the heretic has won because the opposition is out of genuine arguments. “The genuine innovator-entrepreneur,” Buchanan wrote, “who seeks to challenge, to stir up the dishwater of the orthodoxy, must expect to counter resistance at every stage. At best, he and his fellow [heretics] can hope to find academic settings that are temporarily congenial to their efforts, settings that encourage those who dare to be different” (1982d, 5–6).

In his 1983 Nutter Lecture, Buchanan argued that this methodological hostility is so strong that he and others who draw from the past tradition are methodological revolutionaries. As to the question, “what should economists do?” Buchanan answers:

Our job in 1983 is, therefore, less one of ideological displacement and more one of methodological revolution in our parent discipline of economics itself. We find ourselves in the bizarre position where those of us who seek to define our central research program as it was defined for the first century and one-half of our discipline’s history are now the methodological revolutionaries. At VPI, for example, we were told that basic price theory is not now part of “mainstream economics,” that economic theory, as defined in 1982, is really a branch of higher mathematics, and that the applied economics that we seek to emphasize is simple chorework for the pedestrian minds. (1983a, 13)

18. “Charles Dickens” first published March 1940 as part of the essay collection *Inside the Whale*.

Ultimately, GMU offered a space where Buchanan and his colleagues could practice the type of economics they wished without the difficulties and challenges faced at UVA and VPI.

Buchanan was compelled to leave the University of Virginia and the Thomas Jefferson Center due to an *ideological* backlash on campus (1968). He left UCLA because of student unrest and the inability of administrators to act appropriately (1969), and he left Virginia Tech because of a *methodological* backlash against the work done at the Center for Study of Public Choice (1983). There is no doubt that Buchanan was an academic entrepreneur both at the level of co-creating the field of public choice and in terms of constructing institutions for the organization of inquiry around those ideas, but he also experienced major difficulties along the way as he took on the orthodoxy at the methodological, analytical, and ideological levels.

Buchanan's Assessment of His Efforts and Concluding Thoughts

The worst thing that can happen to a good cause is not to be artfully criticized, but to be ineptly defended

—Frederic Bastiat, *Economic Sophisms* (1845)

In his later years, Buchanan often ruminated on the future of classical liberalism. Despite successfully navigating treacherous waters, he looked back with regret and forward with trepidation. He feared that the collapse of the Soviet Union and the market reforms of the 1980s offered a false sense of security. The broader intellectual environment, especially in the wake of the global financial crisis, justified some of his fears. There does seem to be a widespread disdain of classical liberalism and capitalism within the broader academy.¹⁹ Moreover, since 2008, the return of a rather crude form of Keynesianism has captured the intellectual imagination of political decision makers and members of the intelligentsia. For anyone paying attention, however, well before the financial crisis, the indictment of capitalism was widespread among faculty in the humanities and social sciences outside of economics. The full meaning of the collapse of communism in the late 1980s was systematically ignored by a growing intellectual movement associated with anti-globalization, anti-capitalism, and anti-Western sentiment. Many of these sentiments were formed in the educational programs found in colleges and universities outside of economics departments proper. Classical liberal economists complain about these sentiments because they often miss very basic empirical facts concerning globalization and the poor, but it seems to have little effect (Schleifer 2009).

It was also the case, as Buchanan stressed in his essay “The Soul of Classical Liberalism,” that classical liberal economists themselves were to blame (2000, 118).

19. See <https://www.jamesmartin.center/2010/10/capitalism-on-campus/for> a report of a conference dealing with this issue sponsored by the Manhattan Institute.

With the death of socialism, the comfort and confidence that they had in the scientific superiority of the teachings of economics resulted in them ignoring the “soul of the whole two-century enterprise.” And thus, they intellectually “went to sleep” from the 1980s onward. “The nanny-state, paternalistic, mercantilist rent-seeking regimes in which we now live emerged from the vacuum in political philosophy.” This, Buchanan continued, represents an utter failure to carry through with Hayek’s project that he envisioned for MPS, namely a renewed discourse and a re-creation for the modern era of “what we may properly call the soul of classical liberalism” (Buchanan 2000, 119). Instead, in the wake of the political victories of Reagan and Thatcher and the collapse of communism, what emerged was the “churning” or rent-seeking state that reflects a grotesque image of the capitalist system, which is then subject to withering indictment by critics, and rightfully so. Classical liberals, Buchanan stressed, must not abandon the technical principles of economic analysis, though they must avoid the “piddling puzzle-solving that economics has become” in the hands of the scientific technicians (2000, 116). Instead, in Buchanan’s rendering from the original Thomas Jefferson Center proposal, classical liberal political economists must “go further and frankly try to bring out into the open the philosophical issues that necessarily underlie all discussions of the appropriate functions of government and all proposed economic policy measures” (1958, 5). They must also seek to offer a comprehensive and coherent philosophy that offers a vision of the “good society.” A resurrection and reclamation of the soul of classical liberalism is in order. As Buchanan put it:

The larger thesis is that classical liberalism, as a coherent set of principles, has not secured, and cannot secure, sufficient public acceptability when its vocal advocates are limited to the second group. Science and self-interest, especially as combined, do indeed lend force to any argument. But a vision of an ideal, over and beyond science and self-interest, is necessary, *and those who profess membership in the club of classical liberals have failed singularly in their neglect of this requirement.* Whether or not particular proponents find their ultimate motivations in such a vision is left for each, individually, to decide. (2000, 112, emphasis added)

The success of any scientific or scholarly movement turns on the widespread acceptance of ideas and not personalities, but it would be foolish to deny that in science, like in commerce, individuals are endowed with different entrepreneurial ability. There are pivotal people at pivotal times. What we draw from Buchanan’s effort at academic entrepreneurship in a sometimes hostile environment are the following lessons: (1) persistence pays off; (2) ideas, not people, matter; (3) thinking without writing is little more than daydreaming; (4) academic activism is not policy activism—it is critical to pursue ideas wherever they may lead and not be concerned with day-to-day policy concerns; and (5) nevertheless, relevance of one’s work to pressing issues in the public imagination is a virtue not a vice in the field of political economy. Serious academic work can address current problems in the world.

A key issue for the scholar-scientist is to be value relevant, but not to be compromised by being value laden. Failure to negotiate that balance threatens scholars to fall prey to Bastiat's warning—to risk becoming the inept defender of a good cause. Buchanan's Virginia School of Political Economy represents the opposite and thus provides the “exemplar” model of research, with learning centers dedicated to exploring the philosophical foundations of a free society. Insights from “mainline economics,” classical liberal political economy, and social philosophy are not appreciated as much as we think they should be. Classical liberals have a joint mission: (a) to develop, refine, and articulate ideas about the foundations of a free society; and (b) to spread those ideas and gain greater acceptance within the scholarly and scientific community and the intellectual elite more broadly.²⁰ If our goal is to make scholarly and scientific contributions, then we need to be very mindful of how the scholarly and scientific community operates.²¹

As Buchanan argued with respect to higher education in general, the academic exit option is the best way to ensure academic freedom and integrity. Similarly, constant contestation is the best way to ensure scientific progress. When the avenues for contestation are blocked, then the academic marketplace is not only less than fully competitive but less than effectively competitive! How are we to view, for example, the recent studies that show that the academic marketplace in economics contains a dramatically high concentration of candidates from the most elite programs (Fourcade, Ollion, and Algan 2015)? In many ways, one could reasonably argue that this is just a natural outgrowth of the filtering process in any highly competitive process, not unlike how players who make it to the NFL, NBA, and MLB tend to be from big-time NCAA programs, and furthermore that the talent at the highest level of competition tends to flow to the major media market cities. Yet, there appears to be something wrong if the academic marketplace in elite economics is described, as Paul Krugman (2014) does, as a floating crap game that only so many get an invitation to join. The Krugman depiction suggests that there is something fundamentally lacking in the academic job market, as it tends to exclude everyone but those who attend the most elite programs. This may be especially problematic for the slightly out-of-sync political economist, such as the classical liberal. The key to an “organization of inquiry” is for monopoly expertise to be rejected, and to instead cultivate a culture of criticism in the main venues of scientific and scholarly dissemination.

“Truth” in economics and in all scientific endeavors, Armen Alchian argued, results from the free competition in ideas ([1959]1977, 197). However, the lack of clearly defined rights and, in particular, a clear residual claimant creates distorted

20. On the distinction between “mainstream” and “mainline” economics see Boettke, *Living Economics* 2012.

21. It is our contention that among the best presentations of how these communities work can be found in Michael Polanyi's “The Republic of Science” (1962) and the sociologist Randall Collins's *The Sociology of Philosophies* (1998).

incentives within the organization of inquiry within the modern university. This simple economics principle of property rights within the intellectual marketplace for economic ideas should never be forgotten. And efforts to curb the dysfunctions it creates should constantly be pursued by those bold and creative academic entrepreneurs.

Access to alternative outlets and opportunities to challenge the elite in the more open-access world of the digital, can translate into expanded opportunities to disseminate important research findings and communicate basic principles of economics to a new generation of peers, students, policy experts, and the general public. The contemporary developments of this digital world are empowering the republic of science by increasing the effective competitiveness of intellectual conversation. For the academic entrepreneur in a sometimes hostile environment, these developments should be embraced fully. The genuine academic innovator will always face hostility from the “dishwater of the orthodoxy,” but the tools provided in the modern marketplace of ideas improve the ability to unclog the drain and wash the dishwater away, and to let the fresh water of new ideas flow freely. It is through this flow of fresh new ideas, Buchanan taught, that we may once again reclaim the soul of classical liberalism and operate successfully in hostile environments.

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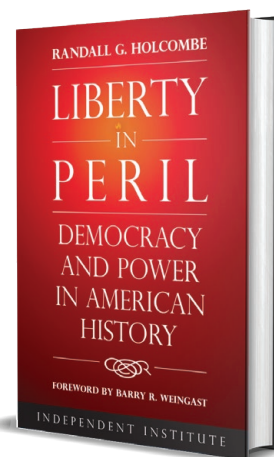
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