2020

Academia in Anarchy: 50 Years On

Joshua C. Hall

Academia in Anarchy: 50 Years On

Joshua C. Hall[1]

Abstract

In 1970, James Buchanan and Nicos Devletoglou published *Academia in Anarchy: An Economic Diagnosis*. Even though the book focuses on the industry Buchanan worked in for nearly 70 years, it is the only one of his non-autobiographical, non-textbook, books not included in his collected works. I evaluate the arguments of Buchanan and Devletoglou in light of the past 50 years of scholarship on the economics of higher education.

Keywords Higher education, Ivory tower

JEL Classifications I20, I23, L33, L38

Note: This is a pre-print of an article published in *Public Choice*. The final authenticated version is available online at: https://doi.org/10.1007/s11127-020-00793-7.

[1] Joshua C. Hall
joshua.hall@mail.wvu.edu
Department of Economics, West Virginia University, John Chambers College of Business and Economics, PO Box 6025, Morgantown WV 26506-6025, USA

1 Introduction

Academia in Anarchy by Buchanan and Devletoglou (1970) is an odd book. It, along with Buchanan's autobiography (Buchanan 1992; Buchanan 2007), are the only monographs written or co-written by Buchanan not included in his collected works by Liberty Fund (Brennan, Kliemt and Tollison 1999). According to the editors of Buchanan's collected works, this was done because "the book is really an extended occasional essay written in response to the crisis in universities in the late sixties: as such, we considered it too long to include as an essay and too time-specific to be published as a separate book (Brennan, Kliemt and Tollison 1999, p. xiii)." This statement regarding the time-specific nature of the analysis in the book implies that there is nothing to be learned from the book, except perhaps understanding the higher education situation in the United States and United Kingdom in the late 1960s. Perhaps this made sense in the 1990s when the annual citations to *Academia in Anarchy* were approximately two a year and largely unrelated to scholarship on higher education.

More recently, however, *Academia in Anarchy* has received increased attention by scholars. Brennan and Magness (2019), for example, uses the positive economic analysis of higher education in the book to help explain the 'bizarre' structure of higher education to their readers. Duke historian Nancy MacLean (2017) argues that *Academia in Anarchy* provided the blueprint for the corporatization of higher education by being the first to argue against low or zero-price tuition and other corporate reforms of higher education. In their review article of MacLean's book, Fleury and Marciano (2018a) show that *Academia in Anarchy* was hardly the first work to point out the economic implications of the organization of higher education. For example, Buchanan's UCLA colleague Armen Alchian (1968) and then Alchian and Allen (1968) were published prior to Buchanan and Devletoglou (1970).[2]

I evaluate the economic arguments about higher education in *Academia in Anarchy* in this essay. In Section 2, I provide an overview of Buchanan and Devletoglou's (1970) analysis of higher education. I focus on their general analysis of higher education and largely avoid their analysis of the current 'chaos.' In Section 3, I evaluate their analysis. I argue that Buchanan and Devletoglou's (1970) model of higher education is not universal because their viewpoint and knowledge of higher education is too parochial. Section 4 is my critique of their approach to understanding the structure, organization, and efficiency of higher education. Section 5 provides a conclusion.

2 An overview of *Academia in Anarchy*

Buchanan and Devletoglou wrote *Academia in Anarchy* quickly. They were both at UCLA during the 1968-1969 school year. Buchanan was a faculty member in his first year after moving from the University of Virginia and Devletoglou was a visiting scholar from the London School of Economics and Political Science. There was considerable chaos at UCLA at the time, especially in the Economics Department (Fleury and Marciano 2018a). After a bomb was left at the entrance of the economics department and two UCLA students who were Black Panthers were murdered on campus, Buchanan resigned in January of 1969 (Fleury and Marciano 2018a). Buchanan and Devletoglou then spent the next two months writing the first draft of *Academia in Anarchy*.

[2] A positive consequence of MacLean's book, combined with the availability of the Buchanan archives at George Mason University, is a better understanding of Buchanan's ideas and evolution. It is hard to conceive of Fleury and Marciano (2018a, 2018b) or Magness et al. (2019) being written without the impetus provided by MacLean's work.

The book has two parts. Part 1 is an analysis of the structure of higher education. This section, like public choice analysis more broadly, focuses on incentives individuals face in different institutional settings. Buchanan and Devletoglou's (1970) analysis therefore, not surprisingly, focuses on students, faculty, and taxpayers. Part 2 of their analysis focuses on the circumstances threatening academia at the time. As they explain it in the preface to Part 2, "Our central purpose is to offer a limited and admittedly partial explanation of the university chaos that now threatens to destroy this heritage" (Buchanan and Devletoglou 1970, p. 98). While I discuss some of the arguments for the chaos later in the paper, I do not summarize Part 2 of the book as it is largely not about the economics of higher education.

Buchanan and Devletoglou (1970) begin their analysis of higher education by setting the scene in Chapter 1. In this chapter, they are clearly speaking to non-economists about very basic points of economic analysis. First, they argue that university education is not a good provided by nature. The fact that it uses scarce resources with alternative uses, this means that it is an economic good. By virtue of it being an economic good it can be evaluated using supply and demand analysis Buchanan and Devletoglou (1970, pp. 5-6).

In setting the scene, they focus excessively on the consequences of tuition being set at zero. This is not surprising given that Buchanan and Devletoglou's (1970) inspiration was the work by their UCLA colleagues Armen Alchian and William Allen on the consequences of zero-price tuition (Alchian 1968; Alchian and Allen 1968). It is important to note that all of these authors were in California at the time, which had been committed to free college for state residents since the Organic Act of 1868, which created the University of California (Griswold and Marine 1996; Horowitz 1977). In 1967, partly in response to student unrest, then Governor

Ronald Reagan tried to get the Board of Regents to introduce tuition charges in both the state and UC systems (De Groot 1996).

The consequences of free tuition, Buchanan and Devletoglou (1970) argue, are widespread. At a zero price, quantity demanded is greater than the quantity supplied given current infrastructure and state appropriations. As a result, "nonprice rationing, in some form or another, must be adopted" (Buchanan and Devletoglou 1970, p. 6). They argue that, "this is first-day economics" (Buchanan and Devletoglou 1970, p. 6). The scarcity of state funding to subsidize the amount of demanders at zero price creates the within-institution patterns observed at the time:

> Faculty pay scales are often fixed and applied uniformly with little or no regard for economic factors. Inferior staff is treated indistinguishable from superior staff. The latter seek additional employment outside the university setting, take a less direct interest in university life, and prefer to measure their productivity by their research or publication efforts. Consequently, inferior staff tend to carry the university's day-to-day operations, and rationing criteria (that is, basic fixing of entry-study-graduation standards) are systematically determined by less and less qualified persons. (Buchanan and Devletoglou 1970, p. 7)

Buchanan and Devletoglou then conclude the chapter by asking what exactly colleges are producing. Is it professional training? Leisure? Ultimately, they conclude that it is a bit of both and at the same time neither. In a curious adoption of terminology, they suggest that education is a unidirectional 'trip' where a 'psychedelic transformation' occurs. The point of the analogy is that demanders of higher education do not know the result of the trip when purchasing the product. All they know is that they want an experience and want transformation. As a result, "all prospective consumers find themselves in the curious situation of committing themselves in favor of a product they do not know" (Buchanan and Devletoglou 1970, p. 13).

In Chapter 2, Buchanan and Devletoglou discuss the incentives facing students. The title of the chapter sums it up: "Students: Consumers Who Do Not Buy." While Buchanan and

Devletoglou are clearly talking about the situation in California and the United Kingdom, both of whom had zero tuition policies at state universities at the time, they take their analysis to be universal. As they state in the preface to Part 2 of the book, "[w]e should note that our analysis of university structure is not time constrained. Precisely the same analysis could have been made by economists before the turmoil of the 1960's" (Buchanan and Devletoglou 1970, p. 89).

The chapter focuses on the consequences of zero price tuition. Buchanan and Devletoglou begin by concentrating on the inevitability of congestion under a free tuition regime. In a particularly insightful part of the chapter, they highlight how excess demand for higher education means that suppliers have to find other ways to ration scarce resources. The result is analogous to what occurs when a price ceiling is imposed in a rental market, namely non-price factors become more important in determining who gets the scarce resource. When it is difficult to ration a scarce resource, such as library reading rooms, congestion and quality deterioration are an unsurprising result (Buchanan and Devletoglou 1970, pp. 19-20).

The remainder of Chapter 2 primarily focuses on arguments about the distributional consequences of free tuition, with a focus on who receives the rationed good and who pays for it. In my view, this discussion is not about the incentives facing students in higher education and thus is outside the domain of this paper. Buchanan and Devletoglou also expand on their argument from the opening chapter about how free tuition leads to mediocrity, since the rationing of resources means the implementation of policies that keep costs in check, such as fixed pay scales for faculty. These measures, they argue, lead to quality deterioration as high achievers seek employment elsewhere or minimize their effort internally to the university.

At the end of the chapter, however, Buchanan and Devletoglou (1970, pp. 27-29) raise two important points relevant to the intensity of the chaos at public institutions with free tuition.

First, by not charging tuition, they argue there is no incentive for students to stop the waste of resources by others. Community norms operate differently when the service is free then when customers are required to pay something close to full cost of attendance. Second, by not having to treat students as demanders of education, "student-consumer demand is neglected, and the resulting student unrest provides the ingredients for the chaos we observe" (Buchanan and Devletoglou 1970, p. 32).

In Chapter 3, Buchanan and Devletoglou turn their attention to the incentives facing faculty. Faculty are "producers who do not sell." They begin with a thought experiment of an automobile manufacturer organized similar to universities. That is, the auto factory "faculty" get to choose what cars to make and who should get them. Giving the cars away means the auto faculty are not residual claimants. As a result, they have strong incentives to minimize effort and engage in their own personal preferences for which cars to produce, not those of the customers. The faculty can also decide who should get the cars produced. From this perspective, the economics of higher education do indeed look odd.

The result is that from the faculty perspective, the comparison is always against the ideal. From the standpoint of faculty, they argue the preferred university would only let in students of the highest quality. Classes structured around individual tutoring or perhaps small seminars would be the norm (Buchanan and Devletoglou 1970, p. 44). Faculty, however, operate in the shadow of taxpayers and donors, who are unlikely to look favorably upon an Oxford tutorial model. Reality thus tempers faculty preferences. The fact that faculty are not residual claimants, however, creates a perverse incentive where faculty agree to more students in exchange for more staff and facilities (Buchanan and Devletoglou 1970, p. 45). Buchanan and Devletoglou argue that if faculty could receive the extra tuition dollars as salary, the result would be fewer staff and a more intensive use of the current physical plant, rather than an expansion of the existing one.

A key theme in Chapter 3 is the short-circuiting of the normal interplay between the wishes of demanders and suppliers because of faculty oversight of the curriculum combined with free tuition. As Buchanan and Devletoglou (1970, p. 47) put it:

> Curriculum, university organization, instructional procedure: they will all remain almost immune from variations in student-consumers' tastes. We should, therefore, predict reasonable stability in these offerings over time. Innovation will not be a characteristic of faculty-controlled quality. Quality standards, defined in terms of customary ways of doing traditional things, will develop and persevere.

Buchanan and Devletoglou then go on to discuss academic tenure. They get ahead of themselves when stating, "in academic tenure, we find one of the root causes of the chaos that we observe" (Buchanan and Devletoglou 1970, p. 48). They recount the standard, non-economic, argument for tenure regarding academic freedom. "Ideally considered, tenure isolates the professional scholar from the pressures that the economic nexus imposes on ordinary men. Freed from such pressures, the scholar follows truth where it may lead ..." (Buchanan and Devletoglou 1970, p. 49). There is little discussion in this section on the economic consequences of tenure or the economic arguments for why it exists beyond the self-serving nature of faculty.

The section on faculty democracy places faculty governance under the microscope. Buchanan and Devletoglou (1970, p. 53) note that historically, faculty were supposed to democratically control university policy. They examine the wisdom of this view stating, "[t]here seems to be no rational basis, in economics or in ethics, for suggesting that faculty democracy 'should' control modern universities" (Buchanan and Devletoglou 1970, p. 54). They correctly point out deliberative democracy is costly, thus representative assemblies act on behalf of faculty, and committees do a lot of work. Buchanan and Devletoglou argue that faculty with a low opportunity cost of their time select into committee work. Innovation is discouraged and the status quo reinforced through this selection bias as committees determine the policies and procedures of higher education institutions.

The chapter concludes with a discussion of the role of competition. Competition mitigates against these problems as institutions not serving students would lose customers. However, there is not sufficient competition, Buchanan and Devletoglou argue. Even when separate branches exist, as is the case in the University of California system, the structure of the organization reduces differentiation and internal competition for factors of production. Buchanan and Devletoglou (1970, p. 58) note, for example, the then nine campuses of the University of California system had essentially the same curriculum and internal procedures. Similarly, they note the University of California did not allow other campuses or units to compete for faculty on a financial basis.

Part 1 concludes with a discussion of taxpayers, i.e., "owners who do not control." Buchanan and Devletoglou (1970, p. 62) argue "[t]he modern university or college draws its sustenance from–and, in fact, depends for its very life upon–the whole community." To Buchanan and Devletoglou, all colleges and universities, even private ones, are dependent on government through outright grants, loans, and tax deductions. They then move on to discussing the divorce of ownership and control in higher education. In private markets, if management acts against owners interests, then management risks replacement or takeover. Following a very Henry Manne (1965) line of argument, they argue the fact there is no marketplace for shares of universities means there is no way for taxpayers to discipline universities except by complaining to policymakers.

The remainder of the chapter discusses several aspects of the control, financing, and property rights within universities. Some of it is not economic, *per se*, such as the discussion of why taxpayers subsidize higher education. What is interesting in this discussion is their application of Tullock's (1971) argument that people give because they value the act of giving to educational institutions, not because they want to see any particular outcome. From this perspective, inputs are outputs and what the taxpayer wants might be already happening.

From a modern perspective, the most relevant part of this chapter is the discussion of university governing boards that are supposed to control universities. Buchanan and Devletoglou (1970, p. 75) argue these governing boards were designed to prevent taxpayer-citizens from directly controlling universities:

> To avoid subjecting the educational institutions to the controls of either of political leaders or of financing angels, government boards were established to act as buffers between these and the academicians. All external influence, which means all effective public influence, over the university is channeled through these governing boards–of trustees, regents, governors, visitors, and so forth–which nominally own the university-college facilities.

After explaining who (alumni, donors) get selected to be trustees, they go on to how members of governing boards have little incentive to do anything but approve whatever proposals come to them from the college administration. They argue this worked in a pre-crisis era, since the naturally conservative faculty would suggest few changes. For the few suggested changes, faculty governance and temperament ensured that they would not be controversial. However, the student revolts of the 1960s upset the apple cart. Universities were freely floating ships accountable to no one. The university governing board needs to provide safe harbor and guidance when the university is under attack. Buchanan and Devletoglou argue trustees were not prepared or willing to provide safe harbor. The result is chaos since faculty members have clear property rights over certain functions of the university, but not others. The trustees' abdication of responsibility meant chaos reigned in areas of the university that faculty have no property rights over, such as the appropriate use of campus facilities.

3 Which higher education?

Buchanan and Devletoglou take their analysis of higher education to be universal in the preface to Part 2. It is hard to look back on the book 50 years later and not feel that it is a product of the time, and more importantly, of the place Buchanan and Devletoglou found themselves during the 1968-69 school year. The role California's situation plays in their economic analysis of higher education looms large. This is perhaps easiest to see in their excessive discussion of the cost of free tuition. Discussion of free tuition occurs on 18 pages, or 10% of the book's contents (Buchanan and Devletoglou 1970, p. 183). That seems quite extensive for a feature of higher education that was by no means universal then or now.

According to the National Center for Education Statistics, the average tuition and fees for full-time students in degree-granting postsecondary institutions was $645 in the 1969-70 school year (Snyder, de Brey and Dillow 2019, Table 330.10). In constant 2016-17 dollars, that is $4,144. Not today's tuition cost of $12,219, but not exactly "consumers who don't buy." Even at public institutions tuition and fees averaged $323 that year ($2,075 in 2016-17 dollars) (Snyder, de Brey and Dillow 2019, Table 330.10). Taking room and board into account, the total cost of attending a public institution in 2016- 2017 dollars was $7,686 (Snyder, de Brey and Dillow 2019, Table 330.10). That does not sound like students who are not buying the product.

To be clear, the argument that students make poor decisions on the margin because they are subsidized is a very different argument than consumers who do not buy. Vedder (2004) and Hall (2019), among others, have made the former argument. The latter is hard to defend, even in a zero tuition environment, taking into account the cost of room and board and the opportunity cost of attending college. The consequences of subsidizing college are certainly important, but their form—direct subsidies to schools, Pell Grants, scholarships—is important for competition among colleges and universities as well as their internal organization.

The world of higher education described by Buchanan and Devletoglou (1970) is very personal and limited. The examples provided are almost entirely limited to the elite institutions at which they have studied or taught. Higher education, even in 1970 in the United States, was massive. According to Snyder, de Brey and Dillow (1993, Table 23), there were 2,525 institutions of higher education in the United States during the 1969-70 school year. It is true California had 14.3 percent of all higher education (public and private) enrollment in the fall of 1969 (Snyder 1993, Table 25). However, Buchanan and Devletoglou's vision of higher education is one of major public research universities.

A possible defense of this narrow viewpoint is that public institutions were educating the bulk of students at the time. In the fall of 1969, just under two-thirds of all students enrolled in U.S. four-year institutions were at public institutions of higher education (Snyder 1993, Table 24). That leaves over one-third of all four-year students being educated at private research universities and liberal arts colleges. Even within public higher education at the time, one third of students enrolled at public institutions were not in four-year institutions Snyder (1993, Table 4). Rather they were in two-year institutions such as community colleges.

Their decision to treat all institutions as the same has several consequences for the usefulness of Buchanan and Devletoglou's (1970) analysis of higher education. First, a failure to acknowledge real differences between types of institutions makes it difficult for the reader to acknowledge their analysis is universal. Consider their discussion of how productive faculty members in a university with common pay scales will leave for private sector employment. At best, this analysis applies to a handful of people in a handful of departments at a handful of universities (like the University of California system) that use common pay scales. Buchanan and Devletoglou's point about the effect of common pay scales is correct, but treating it like a universal situation in higher education is inaccurate and harms their message.

Second, their treating of all institutions of higher education as similar hurts their ability to explain the causes of the chaos in higher education. Buchanan and Devletoglou essentially take a time-series approach to understanding student protests and disruption of the academy. In the language of time-series econometrics, they have a mental model of what a university is and they are looking for a structural break when things fundamentally changed in that time series. While this type of analysis can lead to some important insights, it is limiting because it ignores the cross-sectional variation across types of institutions with different missions and student populations. Not every college campus had sit-ins, not every campus had bombings, not every campus had changed calls to change its curriculum, and so on.[3] Exploring this cross-sectional variation would have enhanced parts of Buchanan and Devletoglou's analysis, such as the effect of free tuition on the behaviors of individuals seeking to make change through the university as compared to those just looking to obtain an education.

This is not to deny that the year fixed effects in any analysis would not be statistically significant. Buchanan and Devletoglou highlight changes in student demand for higher education, which caused greater rationing of scarce university resources and a reduced focus on students on student demands. Even from a time-series perspective their argument is odd. Consider they only mention Vietnam in the chapter on violence. The draft incentivized young

[3] Consider the response to Merle Haggard's song "Okie from Muskogee," which was released after this book was written but before it was published. It was a number one country single for four weeks. In the song, Haggard points out that not every place was embroiled in protests: "Football's still the roughest thing on campus and the kids there still respect the College Dean."

men to choose to buy higher education, a fact not mentioned by Buchanan and Devletoglou. Card and Lemieux (2001) find draft avoidance raised college attendance rates in the late 1960s by four to six percentage points. Students who were in college only to avoid the draft are likely to be more socially active than student's whose sole purpose was career preparation.

An exploration of the cross-sectional variation might have caused Buchanan and Devletoglou to make their model of higher education universal. In order to incorporate differences in outcomes across types of institutions as diverse as Harvard, Morehouse College, Earlham College, and Los Angeles City College, one has to develop an economic model of colleges and universities that incorporate their different purposes for existing as they see it. In a for-profit world, we can simplify things to profit maximization, since firms might state their mission as something else but ultimately if they do not make profits they will not survive (Alchian 1950). Institutions of higher education are almost entirely public or non-profits, so mission or purpose becomes very important (Cowen and Papenfuss 2010).

It is useful to contrast Buchanan and Devletoglou's (1970) model of higher education with that of the two-good model of Weisbrod, Ballou and Asch (2008). Their two-good model acknowledges that every school has to decide how to raise money (fundraising, taxpayers, student tuition and fees) and decide how to spend it (small classes or large classes, study abroad, student activities, etc.). As Weisbrod, Ballou and Asch (2008, p. 59) put it, this simple starting point allows them to fit the entire higher education industry within their framework, zooming in on different types of institutions if they need to:

> Given the complexity of the higher education industry, with colleges and universities providing hundreds of courses and programs through scores of departments, centers, and institutes, and utilizing multiple fundraising units, including development offices, corporate and governmental relations units, and public relations departments, we must simplify to comprehend. The two-good framework provides guidance. First, we view each school as pursuing a particular

> mission. The school is seen as a producer of one or more 'mission goods.' Public, private nonprofit, and for-profit schools differ in their mission-good activities, as do doctoral/research universities, liberal arts colleges, and community colleges. Second, we view each school as struggling to provide more funds by devoting resources to 'revenue goods.' … We expect all schools, whether for-profit or not or whether research or teaching oriented, to take advantage of opportunities to make profit. But although for profit schools are expected to undertake only profitable activities, public and nonprofit schools would also undertake some unprofitable activities, specifically those that advance their missions sufficiently to justify their losses.

While there are certainly other ways to model the activities of higher education, this description by Weisbrod, Ballou and Asch (2008) is universal, especially compared to the model laid out by Buchanan and Devletoglou. Weisbrod, Ballou and Asch (2008) has garnered three times the number of citations as Buchanan and Devletoglou (1970), in part because it is a much more universal and realistic framework.

4 Why does academia look the way it does?

Given that Buchanan was a social contractarian, it is odd that *Academia in Anarchy* never tries to do a positive analysis of why higher education works the way it does. The Buchanan we see in *Academia in Anarchy* is definitely not the Buchanan at the constitutional stage laying out what structure people could agree to. Nor is he the Buchanan (1975) of *Limits of Liberty* demonstrating how property can emerge out of individual actions and incentives. It is not surprising that Buchanan did not use facts or history as he tried to write for the ages. What is frustrating about *Academia in Anarchy*, however, is its attempt to diagnose what is wrong in higher education at that time without any discussion of the institution of higher education and the purposes for which different institutions arose. Had Buchanan and Devletoglou done so, they might have broadened their model in order to incorporate different motivations and actions. At a minimum, those motivations are important because they underlie the governance structure and operations of current institutions of higher education, as well as the expectations of those participating in it.

Manne (1973) fills in this gap by examining the organizational form of modern private universities. As he notes in his essay, higher education institutions in the United States can be placed in two camps historically: church-related colleges and elitist, liberal education. In both cases, organizational control rested with the trustees because they were largely the ones who financed the institution because they cared about its mission. Below cost pricing of tuition was necessary for a practical and an instrumental reason. The practical reason was affordability, as few people in nineteenth century America who could afford a liberal education. The instrumental reason was that subsidization gave the trustees the ability to ensure faculty and staff followed the mission of the institution. As Manne (1973, pp.174–175) puts it:

> Clearly, if universities were to function efficiently as the means by which donors "produced" attitudes for a certain set of students, it was necessary to avoid a competitive market situation. This could only be guaranteed if the education was offered at a 'bargain' price; that is, below full cost. If schools began to cover all costs by tuition, students or their parents would have been converted into "consumers" and would have exercised normal market controls over competing sellers. Only by maintaining the form of a nonprofit institution subsidizing, as it were, the students who could take advantage of the program could the donors continue to control the substance of what was taught. Thus, there were no 'consumers' who could be sovereign, since no school was established to 'sell' its product on a competitive, businesslike basis.

A cursory analysis of the origins of private universities in the United States, as well as the public land grants started under the Morrill Act (Vedder 2019) will show they typically had a clear mission. To achieve that mission, the school was funded, not students. The result may be the same student frustration as in Buchanan and Devletoglou's (1970) telling, but that frustration is by design, not accident. That distinction matters for the usefulness of explaining the chaos of the late 1960s on college campuses, as well as for the salience of their model of higher education in the minds of the reader.

Similarly, Buchanan and Devletoglou (1970) would have had a stronger argument if they had shown how intertwined the government and private institutions were from the very beginning. Bennett (2014) shows how most early private institutions in the United States benefited from government involvement, either through direct support, or through regulations that minimized competition within a state. While it is fair to say that they may not have known about this history, it is also fair to say that writing the book in two months did not cause it to hold up for the ages.

A final methodological point: Buchanan and Devletoglou (1970) are not Beckerites. That is, they do not begin with the starting point that everything that exists, by definition, is efficient (Becker 1983; Wittman 1989). The book screams at the top of its lungs that universities are inefficient. It is unclear what the standard of comparison is in their analysis. At times, it seems to be market-process oriented, as is the case when they describe the barriers to recruiting and retaining high-quality faculty. At other times, the standard seems to be how a for-profit business might operate. As noted earlier, however, colleges and universities had good reasons to be nonprofits. Similarly, while Buchanan and Devletoglou (1970) rail against shared governance, it is unclear if they think standard is autocracy. As Williamson (1985) and others (Masten 2006) have pointed out, firms may choose to organize democratically to encourage employees to invest in institutional-specific human capital. By not setting an explicit normative standard of comparison, Buchanan and Devletoglou (1970) make conceptual errors and attribute inefficiency to higher education where no inefficiency exists.

5 Conclusion

Academia in Anarchy is an exciting book. Reading it is like reading a great pamphlet, like Friedman and Stigler's (1946) *Roofs or Ceilings?* Upon first reading, the theory seems sound and the analysis seems straightforward (at least in Part I). Deeper reflection, combined with fifty years of scholarship on the economics of higher education, makes it clear why the model of higher education laid out by Buchanan and Devletoglou did not become a part of the standard economists' toolkit. Despite Buchanan and Devletoglou's appeal to its universality, the perspective offered on the workings of higher education, both as it is and how it should be, does not resonate. Whether this is because of the haste in which it was written or because of it was – in Buchanan's words – an 'angry essay' (Fleury and Marciano, 2018b) is unclear.

Acknowledgments

The author would like to thank participants at the 2019 Dr. James Buchanan Centennial Birthday Academic Celebration put on by the Political Economy Research Institute at Middle Tennessee State University. Special thanks are due to Alain Marciano, Peter Boettke, and J.C. Bradbury.

References

Alchian, A. (1950). Uncertainty, evolution, and economic theory. *Journal of Political Economy*, 58(3), 211–221.

Alchian, A. (1968). The economic and social impact of free tuition. *New Individualist Review*, *5*(1), 42–52.

Alchian, A., & Allen, W. (1968). What price zero tuition? *Michigan Quarterly Review*, *7*(4), 269–272.

Becker, G. (1983). A theory of competition among pressure groups for political influence. *Quarterly Journal of Economics*, *98*(3), 371–400.

Bennett, D. (2014). Myth busting: The laissez faire origins of American higher education. *The Independent Review*, *18*(4), 503–525.

Brennan, G., Kleimt, H., & Tollison, R. (1999). Foreward. In *The collected works of James Buchanan volume 1: The logical foundations of constitutional liberty*, pages xi–xxiv. Indianapolis: Liberty Fund.

Brennan, J., & Magness, P. (2019). *Cracks in the ivory tower: The moral mess of higher education.* New York: Oxford University Press.

Buchanan, J., & Devletoglou, N. (1970). *Academia in anarchy: An economic diagnosis.* New York: Basic Books.

Buchanan, J. (1975). *The limits of liberty: Between anarchy and leviathan*. Chicago: University of Chicago Press.

Buchanan, J. (1992). *Better than plowing, and other personal essays*. Chicago: University of Chicago Press.

Buchanan, J. (2007). *Economics from the outside in: "Better than plowing" and beyond.* College Station: Texas A&M University Press.

Card, D., & Lemieux, T. (2001). Going to college to avoid the draft: The unintended legacy of the Vietnam war. *American Economic Review*, *91*(2), 97–102.

Cowen, T., & Papenfuss, S. (2010). The economics of for-profit education. In J. Hall (Ed.), *Doing more with less: Making colleges work better* (pp. 177–193). New York: Springer.

De Groot, G. (1996). Ronald Reagan and student unrest in California, 1966-1970. *Pacific Historical Review*, *65*(1), 107–129.

Fleury, J.-B., & Marciano, A. (2018a). The sound of silence: A review essay of Nancy MacLean's Democracy in Chains: The Deep History of the Radical Right's Stealth Plan for America. *Journal of Economic Literature*, *56*(4), 1492–1537.

Fleury, J.-B., & Marciano, A. (2018b). The making of a constitutionalist: James Buchanan on education. *History of Political Economy*, *50*(3), 511–548.

Friedman, M., & Stigler, G. (1946). *Roofs or ceilings? The current housing problem*. Washington DC: National Association of Real Estate Boards.

Griswold, C., & Marine, G. (1996). Political influences on state policy: Higher- tuition, higher-aid, and the real world. *Review of Higher Education*, *19*(4), 361–389.

Hall, J. (2019). Higher-education accreditation: Market regulation or government regulation revisited. In T. Zywicki & N. McCluskey (Eds.), *Unprofitable schooling: Examining causes of, and fixes for, America's broken ivory tower* (pages 65–83). Washington DC: Cato Institute.

Horowitz, H. (1977). The autonomy of the University of California under the state constitution. *UCLA Law Review*, *25*(1), 23–45.

MacLean, N. (2017). *Democracy in chains: The deep history of the radical right's stealth plan for America*. New York: Penguin.

Magness, P. W., Carden, A., & Geloso, V. (2019). James M. Buchanan and the political economy of desegregation. *Southern Economic Journal*, *85*(3), 715–741.

Manne, H. (1965). Mergers and the market for corporate control. *Journal of Political Economy*, *73*(2), 110–120.

Manne, H. (1973). The political economy of modern universities. In A. Burleigh (Ed.), *Education in a free society* (pages 165–205). Indianapolis: Liberty Fund.

Masten, S. (2006). Authority and commitment: Why universities, like legislatures, are not organized as firms. *Journal of Economics & Management Strategy*, *15*(3), 649–684.

Snyder, T. (1993). *120 years of American education: A statistical portrait*. Washington DC: National Center for Education Statistics.

Snyder, T., de Brey, C., & Dillow, S. (2019). *Digest of education statistics, 2017*. Washington DC: National Center for Education Statistics.

Tullock, G. (1971). The charity of the uncharitable. *Economic Inquiry*, *9*(4), 379–392.

Vedder, R. (2004). *Going broke by degree: Why college costs too much*. Washington DC: American Enterprise Institute.
Vedder, R. (2019). The Morrill land-grant act: Fact and mythology. In T. Zywicki & N. McCluskey (Eds.). *Unprofitable schooling: Examining the causes of, and fixes for, America's broken ivory tower*. Washington DC: Cato Institute.
Weisbrod, B., Ballou, J., & Asch, E. (2008). *Mission and money: Understanding the university*. Cambridge: Cambridge University Press.
Williamson, O. (1985). *The economic institutions of capitalism*. New York: Free Press.
Wittman, D. (1989). Why democracies produce efficient results. *Journal of Political Economy*, *97*(6), 1395–1424.