

# Funding the Future

Article URL

Published: January 12, 2026, 6:12 pm

---

*This is one of a series of posts that will ask what the most pertinent question raised by a prominent influencer of political economy might have been, and what the relevance of that question might be today. There is a list of all posts in the series at the end of each entry. The [origin of this series is noted here](#).*

*After the first two posts in this series, the topics have been chosen by me, and this is one of those. This series has been produced using what I describe as directed AI searches to establish positions with which I agree, followed by final editing before publication.*

*This post appears to be particularly relevant in light of [another piece I have written this morning](#) on the collapse of democracy, free speech, and the rise of the far right.*

---

## **The James Buchanan Question**

James Buchanan is less well known to the general public than Hayek or Friedman, but his influence on modern politics has been profound — and dangerous. A Nobel laureate in economics, he pioneered what he called **public choice theory**.

At first glance, this sounds innocuous: it applies economic reasoning to politics.

In practice, it became a doctrine that treated democratic governments not as expressions of collective will, but as threats to individual liberty — especially the liberty of property owners.

Buchanan argued that politicians are self-interested, voters are irrational, and bureaucrats are rent-seekers. The solution, he claimed, was to shackle democracy itself. Constitutions, fiscal rules, super-majority requirements, and balanced budget mandates were all designed to tie the hands of elected governments, preventing them from responding to the demands of ordinary citizens.

His ideas became intellectual weapons for the American right, the Koch network, the

Tufton Street organisations and so-called think-tanks, and beyond. They were deployed to portray democracy as a danger to freedom, because the majority might vote to tax the rich or expand social programmes.

Which brings us to the Buchanan Question: ***if economics is redesigned to protect the wealthy minority from the democratic majority, how can democracy itself survive?***

### **1. Public choice and its poisoned well**

Public choice theory claimed to strip away the “romance” of politics. Politicians were self-serving, voters were irrational, and interest groups were greedy. Democracy, in this view, could never be trusted to deliver wise decisions.

However, it is essential to note the asymmetry in all this. Buchanan applied suspicion only to governments and citizens, and never to capital or corporations. Business leaders were assumed to be efficient and productive. Voters demanding schools, healthcare, or fair wages were painted as parasitic. Public choice was not a neutral analysis. It was a political project dressed as economics.

### **2. Democracy as a threat to wealth**

Buchanan’s central fear was “taxation by the majority.” If the poor outnumbered the rich, they might vote to redistribute wealth. His answer was to build constitutional barriers against democracy, including balanced budget requirements, narratives around limits on taxes, and in the US, supermajority requirements for spending, as well as independent central banks to control the actions of government.

Each of these devices weakened the ability of elected governments to act. The effect was to insulate wealth from democratic challenge. Buchanan’s economics was not about efficiency; it was about class defence.

### **3. The neoliberal use of Buchanan**

These ideas were seized upon by the American right. Charles Koch funded entire university departments to spread Buchanan’s gospel.

Think tanks translated his theory into policy.

Legislators rewrote state constitutions in the US South to embed fiscal straightjackets, making it impossible to raise taxes or expand services even when voters demanded them.

The pattern is familiar worldwide. In Europe, fiscal rules and balanced-budget treaties limit democratic choice.

In the UK, Treasury orthodoxy imposes arbitrary debt targets.

Everywhere, unelected technocrats are empowered while parliaments are sidelined. Buchanan's fingerprints are on all of it.

#### **4. The hollowing of democracy**

The consequences are corrosive.

Citizens are told their vote cannot change economic fundamentals.

Parties campaign on transformation but govern with the same fiscal straightjacket.

People experience democracy as impotent, and disillusionment deepens.

Into that vacuum step populists who promise to smash the system, but often only entrench oligarchy further.

By treating democracy as the problem, Buchanan helped turn it into one. If citizens feel the ballot box cannot deliver justice, they will eventually turn against democracy itself.

#### **5. Why Buchanan matters now**

The Buchanan Question matters because his project is not history. It is alive in every fiscal rule that forbids public investment, in every demand that governments "cannot afford" public services, and in every treaty that locks in austerity.

Buchanan gave the wealthy a shield against democracy. He designed economics not to explain the world but to restrain it; to bind majorities and protect minorities of wealth. It is no accident that his work was championed by those who stood to gain most from a politics that neutralised democracy.

#### **6. What answering Buchanan requires**

If we are to answer the Buchanan Question, we must reject his premise. Democracy is not a danger to be constrained; it is the foundation of legitimacy. That means:

\*

**Dismantling fiscal straightjackets.** Debt and deficit limits that ignore real needs must go. Elected governments must be free to use fiscal capacity to meet public purpose.

\*

**Exposing the class bias of "neutral" rules.** Balanced budgets are not neutral economics — they are political choices to favour wealth.

\*

**Re-empowering citizens.** Taxation and spending must be recognised as democratic tools for shaping society, not as dangerous concessions to be restrained.

\*

**Naming the ideology.** Public choice theory was never neutral. It was designed to delegitimise collective action. We must say so openly.

### ***Inference***

The Buchanan Question is stark. If we allow economics to be weaponised to defend wealth against democracy, democracy cannot survive. The point of public choice theory was not to understand politics but to disable it.

Answering Buchanan means reclaiming democracy from the constraints he designed. It means affirming that collective needs — health, education, care, climate action — are legitimate, and that governments must have the tools to deliver them.

Buchanan asked how the wealthy minority could protect itself from the democratic majority. Our answer must be the reverse: how can the democratic majority protect itself from the wealthy minority?

---

### ***Previous posts in this series***

- \* [\*\*\*The economic questions\*\*\*](#)
- \* [\*\*\*Economic questions: The Henry Ford Question\*\*\*](#)
- \* [\*\*\*Economic questions: The Mark Carney Question\*\*\*](#)
- \* [\*\*\*Economics questions: The Keynes question\*\*\*](#)
- \* [\*\*\*Economics questions: The Karl Marx question\*\*\*](#)
- \* [\*\*\*Economic questions: The Hayek question\*\*\*](#)

---

### ***Comments***

When commenting, please take note of this blog's comment policy, [\*\*\*which is available here\*\*\*](#). ***Contravening this policy will result in comments being deleted before or after initial publication at the editor's sole discretion and without explanation being required or offered.***