PUBLIC CHOICE THEORY: DEVELOPMENT ANT CONTEMPORARY APPLICATIONS

Tkachenko A., *student*

Public choice theory is the use of modern economic tools to study problems that are traditionally in the province of political science.

James M. Buchanan and Gordon Tullock coauthored The Calculus of Consent: Logical Foundations of Constitutional Democracy (1962), considered one of the landmark works that founded the discipline of public choice theory.

Public choice theory is often referenced when discussing how individual political decision-making results in policy that conflicts with the overall desires of the general public. For example, many special interest and pork barrel projects are not the desire of the overall democracy. However, it makes sense for politicians to support these projects. It may benefit them psychologically as they feel powerful and important. It can also benefit them financially as it may open the door to future wealth as lobbyists (after they retire). The project may be of interest to the politician's local constituency, increasing district votes or campaign contributions. The politician pays little to no cost to gain these benefits, as they are spending federal public tax money. Special interest lobbyists are also behaving rationally. Each citizen pays only a few pennies or a few dollars for any given government favor, while the costs of ending that favor would be many times higher. Everyone involved has rational incentives to do exactly what they're doing, even though the desire of the general constituency is opposite.

Public choice's application to government regulation was developed by George Stigler and Sam Peltzman.

William Niskanen is generally considered the founder of Public Choice literature on the bureaucracy.

Several notable Public Choice scholars have been awarded the Nobel Prize in Economics, including James Buchanan (1986), Stigler (1982), and Gary Becker (1992). In addition, Vernon Smith (2002) was President of Public Choice Society from 1988 to 1990.

Zolotova S.G., *EL adviser*