

Rent Seeking: Setting the Record Straight

Robert D. Tollison
Department of Economics
University of Mississippi

Probably more than any other scholar, I have devoted considerable effort since roughly 1979-80 to explicating and expounding Tullock's basic contributions to the theory of rent seeking. I have co-edited collections on the subject, and I have authored several surveys of the literature. My *bona fides* in this area are clear.

My original objective in doing this work was to secure Tullock's property rights to the idea, as other scholars with similar but later versions of the rent-seeking idea began to try to rename the whole exercise. I saw this effort as a threat to Tullock's citations, and my work, I think, has had the intended effect of mooring this literature in Tullock's original papers.

Over the intervening years, as I have written and spoken about rent seeking in various professional venues, I almost routinely come across a single carping criticism. Namely, commentators say something to the following effects. Tullock's idea cannot possibly be original. It has to be in the prior literature somewhere; surely, some earlier economist had the rent-seeking idea before Tullock. Adam Smith said that; Alfred Marshall said that; and so on. Indeed, one commentator argued that Mencken said that!

My response to all of this has been to point out patiently that, no, there are no precedents for the concept of rent seeking in the literature. I have looked; others have looked; and the incentives to locate an earlier version of the idea are not trivial. The

commentators shake their heads in disbelief, and continue to iterate that it is all in Adam Smith. So it has gone.

Here is the problem with this discussion. Surely, these critics are right that the generalized idea of rent seeking *is* present in Adam Smith and probably thousands of other earlier scholars' works, which, for example, focus on the deleterious effects of lobbying for general economic wellbeing. Smith's critique of mercantilism and its regulatory policies is a clear example of such analysis.

But this is not the point at all. Tullock was the first person to state rent seeking as a quantitative principle, with which one could potentially analyze the social costs of rent seeking in a rigorous manner. Moreover, Tullock was the first scholar to make the simple analytical point that transfers could be converted into social costs if participants spend real resources in their pursuit. This point, along with the quantitative approach offered by Tullock, cannot be found *anywhere* in earlier literature. It is one thing to describe a phenomenon and conclude that it is costly to economic life. It is quite another to derive the analytical foundation of this process and to offer a way to analyze it. 1967 was the divide between these two worlds, and Tullock's genius is there for all to see.

Selected References

J.M. Buchanan, R.D. Tollison, and G. Tullock (eds.), *Toward a Theory of the Rent-*

Seeking Society, College Station: Texas A&M Press, 1980.

R.D. Tollison, "Rent Seeking: A Survey," *Kyklos* (fasc. 4, 1982), pp. 575-602.

G. Tullock, "The Welfare Costs of Tariffs, Monopolies, and Theft," *Western Economic*

Journal, 5 (June 1967), pp. 224-232.

G. Tullock, "The Cost of Transfers," *Kyklos* (fasc. 4, 1971), pp. 629-643.