

Tollison and competition

M. T. Maloney¹

Received: 22 January 2017 / Accepted: 31 January 2017 / Published online: 27 February 2017
© Springer Science+Business Media New York 2017

Bob Tollison was a good friend. He was fun to be around. Witty and comical. Sometimes rowdy. All that has been reported elsewhere. Here I would like to talk about the scholarly side of Bob.

To be sure, I cannot say something about everything Bob wrote, not even on one or the other narrowly drawn areas like sports or religion. I haven't read it all. Furthermore, I am not smart enough or enough of an historian of economic thought insightfully to characterize the influence of Bob's work on the profession. I hope that some of the other contributors take up this task. What I can do, is talk about the influence of Bob's work on me.

Bob had a brilliant and insightful mind. He never seemed to be caught up in the emotions of politics, governmental or institutional. I guess he was, but there was always the lurking suspicion that he didn't really care. He had a "NObama" sticker on his truck but he probably put it there just to annoy people who were Obama believers.¹ Bob was not a believer in government of any flavor. All he ever seemed to think about seriously was, where is the angle for another paper? And he found a lot of angles.

My first introduction to Bob was in a book that he and some of his Virginia graduate student colleagues did, *Why the Draft?* (1968). It was a book that got the attention of young people like me caught up in the swirl of the Vietnam war. Bob spoke to the issue of the effect of an all-volunteer army on African-Americans. Interestingly, racial composition is a topic to which he returned several times. Bob was certainly no political activist but his work shows a decided interest in turning the wheel of scientific inquiry toward racial equality. Maybe it was mercenary because he knew editors would lean that way—he did

¹ While at the Federal Trade Commission, Bob took great pleasure in irritating his fellow bureaucrats by parking an old Dodge pickup truck displaying an "Ed Crane for President" bumper sticker in the FTC's headquarters garage at Sixth and Pennsylvania Avenue.

✉ M. T. Maloney
maloney@clemson.edu

¹ Clemson University, Clemson, SC, USA

have an amazing knack for knowing what editors wanted before they did—but I think there was more. Certainly, there was more to me.

Two other papers playing on racial composition and equality are sports-related. Bob was a big sports fan. He played a large hand in creating the field of sports economics. Best as I can recall, he invented the word “sportometrics.” One of my favorite papers is the one with McCormick (2001) that addresses a finding of others that black basketball players are paid less, and paid less because fans would rather see white players.

To Bob, this just couldn’t possibly be true. As a dyed-in-the-wool sports fan, it was inconceivable to him that anyone would rather watch poor play by white people than superior play by black people. But if not discrimination, then what? By the mid-1990s, an oral tradition at Clemson held that price discrimination could exist in competitive markets because it is the efficient way to recover common costs of production.² Bob and Bobby used this argument to explain black–white wage differentials. Blacks have more inelastic labor supply and, hence, will accept lower wages. Competition among franchises rather than expunging the pay differentials fosters them in order to recover the common cost of operating a sports club (most of which is probably the lobbying cost of getting government to build new stadiums). I love this paper because it debunks a result in the literature that just didn’t make sense.

Another paper, with Bobby and Brian Goff (2002), is on racial integration across sports teams: do the best integrate first or last? They show that the best integrate first. Competition breaks down racial as well as monopoly barriers. Bob’s work on the church has a similar flavor (Ekelund et al. 2002). The Protestant Reformation was a competitive response to the Roman Catholic monopoly: breaking down monopolies improves consumer welfare.³

Since the church is a form of governance, his work there naturally followed from his work on modern government. He wrote a lot on this and was a front runner on merging the Buchanan-Tullock way of thinking with the Stigler notion of special-interest government. Seminal for me was the book with McCormick (1981) which formalized the idea of politicians as merely brokers of the demand and supply of special interest favors. The ideas captured in this analysis were also compelling to our late friend, Matt Lindsay, and Matt and I (1988) used this framework in our attempt at explaining political parties. The point is that competition drives government to an equilibrium solution, if not an efficient one.⁴

So now I greatly regret not getting around to talking to Bob about an idea that Lindsay and I kicked about a bit. Was Tiebout (1956) wrong? The Tiebout Hypothesis is that local governments are efficient because of competition. However, in the McCormick–Tollison world, all governance, from social clubs to the United Nations, are simply organizations brokering special-interest favors. So why would we expect cities to be any different from

² It is mostly oral, but I first wrote it up as a paper at the Western Economic Association meetings for a session honoring Don Gordon. The paper was never published—I should have enlisted Bob as a coauthor—but exists online in my price theory lecture notes [<http://maloney.people.clemson.edu/901/24.pdf>]. McCormick and I also wrote testimony on this point presented at a hearing of the Canadian railroad commission in the late 1990s.

³ I like Bob’s work on the church though I always had a slightly different take on all of it. I think that the Roman church failed and incited the Reformation because it reneged on its franchise agreements with the monarchies. Also contrary to Bob’s view, I think that the French cathedrals of the twelfth and thirteenth centuries were the equivalent of Disney Land and Sea World.

⁴ A point Bob once made to a colleague frustrated by the outcome of some regulatory process.

states or the federal government?⁵ The thing that I am most saddened about is not asking Bob what he thought about the notion that restrictions at the state level on local governments, particularly in the form of finance, might be efficient. In other words, is it possible that limiting competition in local governance is good? I know that he would have immediately seen an empirical angle.

References

- Ekelund, R. B., Jr., Hébert, R. F., & Tollison, R. D. (2002). An economic analysis of the Protestant Reformation. *Journal of Political Economy*, 110(3), 646–671.
- Goff, B. L., McCormick, R. E., & Tollison, R. D. (2002). Racial integration as an innovation: Empirical evidence from sports leagues. *American Economic Review*, 92(1), 16–26.
- Lindsay, C. M., & Maloney, M. T. (1988). Party politics and the price of payola. *Economic Inquiry*, 26(2), 203–221.
- McCormick, R. E., & Tollison, R. D. (1981). *Politicians, legislation, and the economy: An inquiry into the interest-group theory of government*. Boston: Martinus Nijhoff.
- McCormick, R. E., & Tollison, R. D. (2001). Why do black basketball players work more for less money? *Journal of Economic Behavior and Organization*, 44(2), 201–219.
- Tiebout, C. M. (1956). A pure theory of local expenditures. *Journal of Political Economy*, 64, 416–424.
- Tollison, R. D. (1968). Racial balance and the volunteer army. In Miller, J. C. III (Ed.), *Why the draft? The case for a volunteer army* (pp. 149–165). Baltimore: Penguin Books.

⁵ Before he became a true believer, Lindsay once had a grad student to do some research in an attempt to show how inefficient the City of Clemson was compared to nearby municipalities. The failure of this investigation was, no doubt, the lifting of the last veil.