

Public Choice at the Little Bighorn

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History professors have long held a class room monopoly on George Armstrong Custer's "Last Stand." Thanks to Evan Connell's highly acclaimed book, Son of the Morning Star, the legendary Last Stand now has a place in economics classrooms. Unwittingly, Connell puts a heretofore overlooked public choice twist on Custer's demise at the Little Bighorn River on June 25, 1876.

The Historians' Cast of Characters

Historians typically point to the managerial quirks and personality flaws in the cast of characters who had parts in the Last Stand drama. For example, Custer's long-standing battlefield tactic of "charging first and asking questions later" was, in retrospect, foolhardy; Custer's battalion of 260 men charged into the open jaws of the largest Indian war party in the history of North America.

Custer's supporting cast also figures importantly in historians explanations. Custer's two senior officers, Frederick Benteen and Marcus Reno, failed to provide him with battlefield support. Why? Purportedly, Benteen hated Custer for personal reasons, and Reno lost his nerve when his supporting attack was repulsed.

A Public Choice Perspective--Who Counted the Indians?

Rather than concentrating on the quirks of the public sector's cast, public choice theory concentrates on the cast's incentives. Personal self-interest, the theory asserts, drives behavior the public and private sectors of the economy.

Custer faced staggering odds. No one knows for sure how many warriors Custer's 260 men faced, but 3,000 is an oft-cited figure. It turns out that Custer used government agents' population counts for estimating the number of Indians at the Little Bighorn. The theory was that more Indians on the reservation meant fewer Indians at the Little Bighorn.

Interestingly, a reservation agent's salary was commensurate with the number of Indians

on his reservation. This method of remuneration held out an obvious carrot for agents to overstate their counts. In Connell's words "...an agent foolish enough to report a decrease in [reservation] population was taking a bite out of his own paycheck" (p. 263). Custer, so far as anyone knows, had no knowledge of these incentives.

Agents responded to this carrot with what Connell labels "good old Yankee Avarice" (p.263). He notes that U.S. Army reservation counts after the Last Stand found 11,660 Indians. This contrasts starkly with the 37,391 Indians the agents had reported.

Contrary to reservation agents, the incentives facing Custer's scouts were more consistent with reliable warrior counts. The scouts' incomes (and scalps!) depended on their reports. Consistent with public choice theory, Connell notes that Custer's scouts had offered him foreboding assessments of the Indians' strength.

Exactly how Custer weighed the conflicting intelligence of reservation agents and company scouts in his final hours is unknown. We do know, however, that in those hours Custer divided his force into three parts and attacked late in the afternoon without the element of surprise (and this with men who were fatigued from a full day's march). Short of a death wish, such orders are inconsistent with his having attached more importance to his scouts' foreboding assessments than to reservation agents' counts.

Concluding Comment

No doubt like many other principles instructors, we have found that using examples from American folklore/history really drives home economic precepts. In discussing the importance of private property rights, for example, the stories of Paul Bunyan and Buffalo Bill are apropos. Paul Bunyan clear cut forests, not bothering to replant; no one owned the land. Likewise, Buffalo Bill slaughtered buffalo because no one owned them.

To illustrate the public choice paradigm, Custer's "Last Stand" offers similar advantages. This legendary event, which most students begin hearing about in their early childhood, offers a powerful example of the how personal economic incentives affect the performances delivered by the cast of public sector characters.

Bibliography : Connell, E.S. 1984. *Son of the Morning Star*. New York: Harper Colins.