

CHAPTER 16

Bureaucracy

There can be no doubt, that if power is granted to a body of men, called representatives, they, like any other men, will use their power, not for the advantage of the community, but for their own advantage, if they can.

James Mill

Each official is evidently more active within the body to which he belongs than each citizen within that to which he belongs. The government's actions are accordingly influenced by the private wills of *its members* much more than the sovereign's [citizenry's] by those of its members – if only because the official is almost always individually responsible for any specific function of sovereignty. (Italics in original)

Jean-Jacques Rousseau

The preceding chapters have focused upon the demand side of public choice. The citizen voter's preferences determine outcomes in the public sector. Government, like the market in a pure exchange economy, is viewed simply as an institution for aggregating or balancing individual demands for public policies. Those in government, the candidates and representatives, have been depicted as single-mindedly seeking to be elected. To do so they must please voters, so that those in government are merely pawns of those outside in a competitive political system. Only in the rent-seeking literature just reviewed does one begin to obtain a glimpse of another side of government. Politicians may not live by votes alone. They, too, may seek wealth and leisure. Their preferences may impinge on the outcomes of the public sector.

In this chapter and the next we examine several models that give those in government a role in determining policies beyond that of simply carrying out the revealed demands of the citizens. These may be viewed as models of the supply of government policies.

In many cases government outputs are supplied by government controlled or regulated *bureaucracies*. The term "bureaucracy" was introduced by the French philosopher, Vincent de Gourmay, in 1765, and has had since its introduction a negative connotation (van Creveld, 1999, p. 137). While the term *laissez faire*, also introduced by de Gourmay, conjures up images of freedom of action and efficiency – at least to an economist – the term *bureaucracy* suggests routinized and constrained behavior, and inefficiency. The antithesis of the iconoclastic entrepreneur operating in free markets is the conformist bureaucrat seated behind his desk.

