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The Scope of Public Choice Theory

by Tibor Machan

Prague, Czech Republic. In October 1985 (I think it was) Professor James Buchanan, now at George Mason University's Department of Economics, received the Nobel Prize in his discipline for his pioneering work — in collaboration with Professor Gordon Tullock — in what came to be called public choice theory. The gist of this theory is that those who work in government, often referred to in the honorific terms as doing “public service,” are, contrary to widespread impression, just as much motivated by personal or self-interest as are people in the market place. In other words, politicians and bureaucrats pursue their own agendas, not those of “the public,” just as people in business do. And from this a number of interesting insights follow about the nature of government policy.

What makes this idea quite credible even at first inspection is that politicians and bureaucrats would have a very hard time, even if they wanted to, to serve the public interest. The reason is that the public is a huge group of individuals with a great variety of different interests and just a few common ones. All those people in centers of power who lobby for support from various branches and divisions of government — those folks so scornfully dismissed as looking out for mere “special interests” — are, in fact, the only ones who can provide politicians and bureaucrats with some clue as to what the public's interest amounts to. They tell them, actually, about a lot of highly diverse private and special interests, not any kind of public interest at all.

This fact is very important to keep in mind, especially in the midst of political campaigns during which there is an inordinate amount of rhetoric about the special interests versus the public interest, the goals of different people versus the will of the people. Of course, the special interest groups are nothing other than the people, so the will of the people is really nothing else but the sum of the special interests all those nasty lobbyists are promoting.

Even beyond all this, public choice theory also alerts us to the fact that the most recent effort to shore up the case for government meddling in our lives, namely so called libertarian paternalism — or nudging — is infested with the problem that behavior that may be desirable from certain citizens will not be so from others. What the politicians and bureaucrats choose to

nudge us to do — which is really a form of insidious manipulation even at its best — is rarely what all of us being so nudged really ought to do. The assumption of one-size-fits-all is blatant and public policies that follow from it must of necessity misfire.

Suppose there is a problem in a society, say, environmental pollution. What everyone ought to do about it is quite impossible to say. One person or family may have to address it one way, another very differently, and so on down the line. To believe, for example, that everyone who owns an SUV ought to get rid of it because of pollution is the height of ignorance and presumption. What one person or one family or one company ought to do to address the problem will be quite different from what another ought to, in light of the different circumstances and needs and possibilities of all these different human agents.

Because this is so, the effort to address the problem by politicians and bureaucrats is invariably going to misfire. Those so called public servants, in short, have no clue at all what needs to be done by you, me, our friends, colleagues, neighbors, and the rest, so they will promote policies they happen to prefer, never mind whether they help solve the problem. They will, as customary, feel the urge to “do something,” even if there is no demonstrable connection between it and any solution to the problem that is supposedly being addressed.

The same goes for those doing the nudging being promoted these days as ways to get us to behave properly. Right conduct is highly contextual. It depends on highly particular conditions that people face. Only those close to us have a decent chance of knowing the best way for us to act, so public servants will necessarily be off base.

Sadly in their eagerness to impose their so called solutions, politicians and bureaucrats are not likely to relinquish their power over us, never mind how misguided they are in doing so.

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