

**Subject: Political Science**  
**Semester: 2nd**  
**Course:**

**Marks: 20**

**The Public Choice Theory | Public Administration**

Public Choice theory is the application of economics to the study of public administration. Public choice is defined by Dennis Mueller as “the economic study of non-market decision making or simply the application of economics to political science”.

This theory challenges the traditionally established public interest theory of democratic government which holds that decision making in government is motivated by selfish benevolence by elected representatives or government employees. In other words, public interest theory presumes that public servants are motivated by a desire to maximize society’s welfare. The public choice theory repudiates this view and takes a poor view of bureaucracy William A. Niskanen, the prominent advocate of public choice theory opines that the career bureaucracy is self-aggrandizing and shows indefinite capacity for its expansion. He has made brilliant analysis of bureaucratic functioning. An economist by profession he has studied bureaucracy with the methods of economics.

He has criticized bureaucracy on many counts.

- Firstly, civil servants attitude towards the consumer of their service is different from the attitude of private sector producer to his customers.
- Secondly, producer’s revenue comes from his customers, but in bureaucracy there is no clear correlation between public revenue and expenditure, the revenue comes from the finance minister.
- Thirdly, the civil servant unlike private entrepreneur has little interest to minimize the costs and maximize the profits as he gains nothing financially from such efforts.
- Fourthly, in bureaucracy there is no incentive to save tax payer’s money, rather the bureaucrat is interested to get maximum budget allocations for his bureau. This leads to higher cost of production per unit. In short, disillusionment with bureaucracy is universal.

The question therefore, arises ‘Can the efficiency of the bureau be increased improved?

Can some public services be efficiently supplied by other forms of organization?

William Niskanen holds that to raise the performance of public bureaucracy, the remedy has to be sought more and more in terms of private markets where the structure and incentive system exist for the supply of public services. The monopoly of the bureaucracy must be reduced by exploring private sources of supply of public services.

Thus public choice theory commits itself to market values and criticizes the government monopolies. The market system, it may be mentioned, as based on a competitive principle a customer has the opportunity of choosing between competitive service providers.

As under the public choice theory, public bureaus will have to compete with the private suppliers, there will be a continual search for improvement in the quality of public services and their supply to the service seekers expeditiously. This will promote decentralization also.

From the above elucidation of Public Choice Theory, its main features may be mentioned as below:

- (i) It is an anti-bureaucratic approach.
- (ii) It is a critique of the bureaucratic model of administration.
- (iii) It encourages institutional pluralism in the provision of public services.
- (iv) Plurality of governments and public agencies is supported on the ground of consumer's preferences.
- (v) It applies economic logic to the problems of public services distribution.
- (vi) It stands for diverse decision making centres.
- (vii) More competition in the delivery of public services.
- (viii) Privatization or contracting out to reduce wastage.
- (xi) Dissemination of more information for public benefit about the availability of alternatives to public services offered on a competitive basis and at competitive costs. Thus, Public Choice Theory questions the hegemony of bureaucracy and criticizes the hierarchical administration.

Bureaucracy should be pruned by downsizing government and passing on many functions to the private agencies. By breaking the monopoly of the monolithic state as the provider and by introducing choice and participation the public choice theory seeks to redefine power equations between the citizen and the state. Under the impact of Public Choice Theory, it may be noted the role of private sector has expanded and the state sector has shrunk both in direct administration and through privatisation of public enterprises. In several fields like communication and transport, airlines, television, energy production and distribution, oil exploration and its marketing, a number of private agencies have come up to provide public services. The individuals now enjoys greater freedom make their choice of the service provider.