

Defining the Public Good: Why Government's ineffective

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Governments are no longer suited for the role of definers, defenders, or supporters of the public good. Low voter turnout, democratic deficit, and increasing anomie and apathy of the public at large are stark examples of how the voting electorate have lost trust in their Government and the way in which elected representatives are made as purveyors and definers of the public good. Election after election, the polls show steady declines of the public exercising their fundamental right to appoint representatives into Parliament. Indeed, according to statistics from Elections Canada, voting turnout in the 2000 elections was the second-lowest ever, at 61.5 per cent (CBC, 2004). How then, would the Government, as many people claim to be the ideal choice as definers of the public good, be justified in defining and governing a country full of rightly-so cynical voters? In order to answer this kind of question, one must examine the methods in which society has traditionally allocated resources. The economic market bears the most resemblance to the ways in which traditional societies allocated and distributed resources. Here the basic tenets of economic theory were displayed to function in a systematic manner; there was supply, and then there was demand. Soon came Government into the picture, as best depicted in the post World War 2 era when Keynesian economics came into play where it contested that Government intervention in the free market was needed to serve as the balancer of supply and demand because it was thought that the free market wasn't able to control itself. While this may be true, many authors have speculated that Government also had the possibility of failing.

A theory developed by James Buchanan, who won a Nobel Prize for his contribution to economic theory and thinking became the founding basis of the term public choice theory. It also led to the development of the Center of Study for Public Choice at Mason University where it remains the most popular source for this theory. The premise behind this theory is that the same principles that economists use to predict peoples' actions in the traditional market-place and melding them with peoples' actions in collective decision-making. Essentially it means that people are self- interested in

how they spend their money. The chief advantage to public choice theory fits neatly as a panacea with the current situation due to the rational ignorance of voters. That is, each voter is faced with a small possibility that their suffrage will change the outcome of an election; therefore the logical choice for the voter is to be generally ignorant of politics. This could be called government failure, akin to the market failure that the government is supposedly there to protect against. Where is the economic efficiency in having low voter turnout and a politically apathetic populace, and how would the government be able to determine the public good? The answer is very simple: the government is not in the ideal position to define the public good.

The first argument in this debate is that of corporate campaign contributions to political parties and patronage appointments of party- friendly businessmen and lawyers to government-office by in-power political actors. History is replete with examples of major political actors and public representatives rewarding their major campaign contributors with rewarding posts in office. In a democracy where the government exists as a pure public good for the mass of voters, there exists interest groups, or conglomerates of concentrated interests, which seek to influence Government policy (which include their definitions of public good) to implement economically-inefficient policies that would benefit not the whole public but just their slim minority. Political appointments, often in the form of careers in the public service, have stood to be the most common type of rewards given to political party-friendly businessmen (and women). Affirming this claim is a report by Ward (2006) where Justice Gomery stated that "... numerous political appointments to Crown corporations that have been made over the years have been a smudge on the integrity of the appointments process and have often stood in contradiction to the merit principle" (Ward, 2006).

A prominent example of government corruption includes the sponsorship scandal, which started

in 1995 to give the Federal Government more visibility in the eyes of the people of Quebec. Chiasson, Gail, Wentz, and Laurel (2005) reported that Justice Gomery, in his account, concluded that between 1996 and 2002, \$282 million was spent on this program where 44% of the money going mainly to Quebec advertising agencies that over-billed their claimed amounts (Chiasson, Gail, Wentz, and Laurel, 2005). This case clearly demonstrates the arrogance and contempt that elected politicians, accountable to the public, clearly have for the democratic system. This case further solidifies the idea that government irresponsibility runs rampant throughout government; leads the public into disillusionment with their elected representatives; and further driving up the democratic deficit, which in turn provides less legitimacy for government to determine the 'public good.'

On another vein, we see that corporate campaign contributions have always been a determining factor in election outcomes in Canada. It is common sense that political parties with the most funds are able to muster a much larger political campaign than those with less. The traditional "big three" parties of Canada have been recipients of large sums of money from special interest groups which included business and corporate donations. Further examples of patronage, large influence from corporate donations, and otherwise 'unethical' behaviour abound. The orgy [patronage appointments in the 1984 campaign] confirmed what many Canadians already suspected: Liberals were pretty much a piece, greedy, smug, more concerned with their own interest rather than with the national interest, oblivious to outrage, deaf to dissent (Simpson, 1988).

Indeed, according to Michael Pinto-Duschinsky (2002), "In addition to being a source of scandal and corruption," he writes, "the ways in which political activity is [are] financed may lead to severe inequalities. If the costs of campaigning are prohibitive, citizens without private wealth may be prevented from running for public office" (Duschinsky, 2002, p. 69). Here he adds weight to the claim

that corporate funding of political parties is prohibitive to citizens without private wealth, which would allow them the public good and right to run for office. Thus, it could be argued that the right to run for office is indeed a public good and is trampled by special interests influencing political actors who are in-line with their business intentions. We could come to the conclusion that any reformations of the electoral system through subsidies or otherwise would have multiple objectives where a system which, according to Dutchinsky, has an objective of controlling corruption in the political party arena is unlikely to be any different from any political system which exists mainly to promote "fairness" (Dutchinsky, 2002).

It's clear that through campaign contributions from private interests such as corporate donations, the major political parties were more able to secure a comfortable majority in Government through the power of corporate financing with their own narrow interest most likely not in line with that of the 'public good.' The answer, it would seem, would be to limit the amount of campaign contributions provided by corporate donations. As idealistic as this may seem, it may have some merit, according to Sayers and Young. Their report from 2004 states that "it could be argued that by limiting contributions and providing more public funding the environment in which elections occur is somewhat simplified and easier to understand, improving both transparency and accountability" (Sayers & Young, 2004). We can see that they were indeed correct because in 2003, the election campaign contributions rules were changed to limit the potential amount of funds donated to major political parties by corporate sponsors through Bill C-24.

The second argument we will explore is that of the public choice theory. According to Russell Hardin (2002), public choice theory has had approximately four arguments against that of the democratic theory. The first was Arrow's (1963) impossibility theorem which summarizes that there is

no general, approved method to collectivize from the individual to group level preferences that democracy claims. Democracy only requires majority rule, not collective. However with the application of his theorem we see that with majority rule there are often cycles with no genuine majority. He illustrated by exemplars of voters choosing from three (3) separate policy issues. He calculates that one majority can "carry allocation A across these issues over allocation B; another majority can carry B over C, and yet a third can carry C over A" (Arrow, 1963) which essentially means that majoritarianism cannot solve the problem. In other words, what Arrow is saying is that no voting system can determine individual public needs because majority dominance rules. In other terms, no voting system is fair. According to Kenneth Buchanan (2003), what Black and Arrow (the fathers of public choice theory) did was prove that democracy, interpreted as "majoritarianism", could not promote the public good. Arrow's impossibility theorem, as stated above, detailed on their work significantly and offered a complex theory. Arrow and Black basically discovered that a phenomenon termed "majority cycles" whereby "election results rotate in continuous cycles with no equilibrium or stopping point" (Buchanan, 2003). Here the suggestion was that democracy was and is inherently unstable. This type of system, which is best exemplified in political systems composed of FPP such as those in Canada and the US, basically alienates the minority and raised the question as to how the Government could possibly know the public good if minorities of people were disenfranchised from the voting process.

Public choice theory offers an extremely powerful insight into the United States budget deficit problem, which emerged and grew since the 1960's (Buchanan and Wagner, 1977; Buchanan Burton and Wagner, 1978). According to Rowley, deficits rose in this instance because politicians in Congress, as well as the President of the USA, responding to executive pressure, found it to be in their respective self-interests to take the easy-way out in budgetary politics (Rowley, 1987). This provides further

evidence for the link between the status-quo economic system and political corruption, albeit from a more public-choice-oriented perspective. From a public choice perspective, this type of activity would be inefficient and wasteful, and would call for major reforms. Some of those reforms were noted in Buchanan and Tullock's book *The Calculus of Consent*. Here they spoke of a sub-discipline of economic-thought, coined "constitutional economics" which has a locus of control on the rules that precede Parliamentary and legislative domains that dominate Western cultures and limiting the arm of government. In other words, public choice theorists call for the devolution of government. Indeed, according to Campbell (1988), "constitutional economics" is a term, which represents a system of laws and rules, which tie down the hands of government in order to promote the liberty of the economic system. (Campbell, 1988). Indeed, as Buchanan (1988) notes that constitutional economics looks "to the structure within which political decisions are made" (Buchanan, 1988, p 104).

Our final argument revolves around both public choice theory and environmental issues, where the latter are often regarded as public goods because of the universal need of supplies provided by nature such as water, air, and so on. Public choice theorists argue that government is not capable of efficiently managing environmental goods such as water. As Anderson and Leal (2001) explain, "at the heart of free-market environmentalism is a system of well-specified property rights to natural and environmental resources" (Anderson & Leal, 2001, p4). As primary economics teaches us, property rights provide us with the foundation of markets, and therefore if our government were to relinquish 'control' of environmental issues, property rights would be established which would allow individuals and organizations to play a much more significant part in the marketplace. In general terms, what property rights do is create incentives for property owners to preserve resources which they own, and in this type of case it could turn out to be water. In other words, if water were to be owned and traded like any other commodity, it would be treated like a scarce resource and limitation on its usage would be

enacted and a type of stewardship would be created. Anderson and Leal (2001) confirm this argument by stating that human ingenuity is "switched on by market prices that signal increasing scarcity and provide rewards for those who mitigate resource constraints by reducing consumption, finding substitutes, and improving productivity" (Anderson & Leal, 2001, p3). In other words, in instances where property right definitions are seen as nebulous and non-transferable, the act of preservation is greatly reduced. We see this in the writings of Aristotle, where he explains: "what is common to many is taken least care of, for all men have greater regard for what is their own than for what they possess in common with others" (Durant, 1939, p. 536).

A prominent example of Government failure in regards to protecting the environment is the record of the Kalamazoo Vegetable Parchment Company's pulp and paper mill. In 1946, this company was responsible for releasing huge amounts of effluent into the Spanish River, effectively killing almost the entire water habitat, and rendering the water practically undrinkable. A cohort of 6 property-owners subsequently successfully sued the company, but the Ontario Government later passed a law that permitted similar property right violations (polluting) if the company violating environmental laws was deemed by the Government to be economically beneficial for the local communities (Selick, 1996). This case clearly demonstrates that ordinary citizens, using theory advocated by public choice, have the power to protect environmental public goods using private property rights laws. However, Brubaker (1995) in her influential book titled "Property rights in defence of nature," showed that the Provincial Government introduced legislation to stifle the property rights of those living downstream from the plant. The Government subsequently amended the Lakes and Rivers Improvement Act (1990) to empower courts to consider the public interest before closing and/or fining the plant. Was the public interest jobs or a clean environment? Brubaker explains that it was indeed jobs. The Attorney General (Leslie Blackwell), who was involved in this case (and was representing the Provincial Government),

frankly stated his position: "We are just not interested in preserving the quality of the water in the river as far as it is possible, as we are preserving the means of employment for these people" (Porter, 1950).

Examples of previously public ownership being devolved onto the shoulders of private or quasi-private ownership are numerous. We've seen this kind of arrangement occurring in the television and radio industry, which is currently defined as a public good and owned/regulated by Government. One must ask why such industries, which are not public goods in the sense of water and other key essentials to the public survival, are government-regulated and controlled. Granted, some type of regulation is needed to control frequencies, channels, and so on, but if coalitions of private enterprises were to self-regulate, as many industries are now doing, it surely would make it more efficient. Lee (2001) provides insight into this argument by stating "where the benefits from a public good are easily excludable, such as television programming, private arrangements surely provide them more efficiently than government. Even when excluding people is more difficult, "private" arrangements may still be more efficient than the typical government approach" (Lee, 2001). He used the term "private" because arrangements that succeed in supplying the public good to so many people, require some means of making collective decisions (self-regulation). Such self-regulation has been and is increasingly taking place across industries which were traditionally regulated by Government such as The College of Physicians and Surgeons of Ontario who govern Doctors and other health-care professionals.

To sum-up, we've covered a generalist approach to the problem-areas of the current economic and political structure in Canada. Public choice theory offers the most promising alternatives to managing the problems encountered with government in democracies; environmental problems all the way to political party contribution corruption to patronage. By adopting a free-market approach to environmentalism, it's been theorized by public choice theorists that the most effective way to provide

stewardship to the environment is to promote private property rights which would let the basis of economics decide supply and demand of public goods such as water. In terms of political transformation of government, public choice theorists maintain that campaign contributions to political parties cause corruption and alienation for the voter to participate in elections. In regards to the decentralization and devolution of Government ideas from business and public affairs, we see that these kinds of de-centralist, "devolutionized" ideas of Governmental involvement go all the way back to Thomas Jefferson (1816 [1984]) where he suggested that communities and cities would be more effective in terms of determining public opinion/good if they were divided into smaller parts, or wards, so that every citizen could "act in person." De Tocqueville (1981) was also a proponent of public-choice ideologies in that he stated that civil participation in America was the core of democracy, and saw that people identified their interests at a more local level.

In sum, the solutions offered range from reform of the electoral system in Canada in attempts to limit campaign donations from corporations with "special interests"; devolving government from a centralized, bureaucratized structure to one which gives the individual more control; to reforming the way in which we manage our environmental resources, such as encouraging increased support of property rights in regards to environmental stewardship. Only by limiting the hand of government will citizens be able to "take back the commons."

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