A couple of points on public choice theory [1]

Written by **Tim Worstall** [2] | Saturday 4 February 2012

Mark Pennington has an interesting piece on public choice theory here [3]. He's specifically looking at how it challenges certain lefty world views.

I do like his implication that public choice theory is the classically liberal refutation of Marxian class arguments. We don't doubt that it's possible, that it happens at times, that the State is captured for the good not of the citizenry but of those who have done the capturing. All we're pointing out is that it tends not to be a class that does this but individuals.

He also points to the way in which some simply deny the existence of public choice probems at all. All politicians, for example, are motivated by nothing more than public service. There are no economic motives here at all so that economics is irrelevant. Yes, I find that terribly convincing too.

My usual answer to these types is to start asking whether CEOs and bankers are worth millions per year. The answer that comes back is that no they're not and thus we can start talking about the principal/agent problem. Bosses are greedy b'tds ripping everyone off: it's not difficult to gain agreement along these lines.

But the principal/agent problem and public choice are really the same thing. When we offer over to someone else the right to control an asset (a company, the State), tell them to help themselves to our money, we face exactly the same problem of trying to make sure that they do all of that running of it for our benefit not their.

And to be a little Marxian about it, those who go into the civil service fast stream, those who go into Westminster politics, those who go into banking and those who go into business, they're all from pretty much the same narrow class here in the UK. If you believe the principal /agent problem it's very difficult indeed to see why you wouldn't believe the public choice one, for they're at times the same problem.

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