

THE GROWTH FACTOR

GOVERNMENT: The objective of any organization is to survive and prosper. Public agencies are no different.

Waco, Ruby Ridge, Oklahoma City, and the Unabomber have all helped to focus attention on the government conspiracy theories of the extreme right. But while the rhetoric of this fringe is tedious, it does provide a disturbing reminder of what is at stake in the mission of governance, and of the corruptive power of fear.

There are, in fact, many reasons to fear government, but well-organized official conspiracies aren't one of them. The major threat posed by government is not how much it is capable of, but how little it accomplishes in light of the resources it demands.

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The fundamental objectives of any organization, including all levels of government, are survival and growth. Firms grow by providing goods and services for which households and other firms are willing to bid, and by controlling their costs. The market rewards successful firms with growth; it punishes failures with oblivion, freeing their capital resources for more productive ventures.

The rules of the growth game for public agencies, however, are murkier and much more complex. And yet public agencies are economic agents that exhibit behaviors that can be understood and predicted in terms of the agencies' self interest — to survive and grow.

Examples abound:

► From a police department's point of view, the number of arrests offers an ideal measure of effectiveness. A large volume of arrests can be used both to indicate a responsible, engaged police force, and a need for more police personnel. Consequently, police have an incentive to be more interested in making arrests than in preventing crime.

► Gov. Pete Wilson's signature on a new law outlawing diversion to counseling programs for domestic partners accused of spousal abuse provides a more subtle example. Some offenders who might elect counseling rather than prosecution must now fight the charges against them in open court. Because their spouses may close ranks and refuse to provide the evidence needed for convictions, however, these batterers may receive neither punishment nor treatment. But then the political economic purpose of the new law is not to address spousal abuse. It is to increase court traffic, which it shall do.

► Franchises for municipal bus systems and taxi companies insulate transit agencies from market forces, strangling the innovation and efficiencies that would otherwise be introduced by competitive pressure. But from a political economic perspective, it is foolish for public transit agencies to strive for efficiency. Efficiency would mean lower labor costs and greater risk of public criticism over service interruption due to strikes. Inflated labor costs are much less quickly noticed than strikes. More recently, the transit story has developed a special twist: Rail systems serve many fewer riders than buses, but place the enormous infusions of capital necessary for construction under the control of transit agencies.

► Computing and telecommunications technology is converging to the point that telephone companies, cable television providers, and on-line computer services will soon be in the same business. Rather than reduce regulatory barriers to take advantage of new opportunities for competition, Congress instead turns its attention to



Commentary

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regulating sexual images on the Internet.

► Private primary and secondary schools consistently outperform public schools in any dimension that can be measured. Yet state and local boards of education continue to object strenuously to tuition voucher plans on the specious premise that quality control in private education cannot be assured. The real enemy of quality is the exemption from competition claimed by public schools. Quality is only important if you actually have to serve the interests of a market.

So: Society is better served by crime

prevention than arrests. Cities are better served by buses than trains, by private jitneys than public buses. A representative democracy is better served by an informed electorate. And families are better served by schools that must compete for access to student clients. Governments withhold these options because they reduce the role of government.

None of these or countless other inequitable, inefficient outcomes is the result of an elaborate web of conspiracy. The mechanism that produces them is the economic incentive that drives public-sector organizations to position themselves for maximum growth opportunities with respect to their budgets, personnel, authority, and scope. This collection of small, day-to-day, mission-specific "conspira-

cies" is what the electorate should really fear. Collectively, these unorchestrated maneuvers are a much greater threat than any organized effort to dismantle the Constitution could ever be.

It would be easier if there really were a bogeyman, a single culprit for us to identify and purge. Instead, we all play a role. Voters want to delegate the responsibilities of government to elected representatives and professional bureaucracies. The public willingly presumes that its safety, well being, and satisfaction are the primary focus of these public authorities. They are not. The focus of public authority is growth, and much of what confounds us as citizens and communities cannot be addressed until this is understood in these simplest of terms.