

## THE EFFICIENCY OF BUREAUCRACY ON THE PUBLIC SECTOR

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### ABSTRACT

*During the 1950's the problems of the day were of a kind that led the governments of the western countries to concentrate more on the reconstruction of their post-war economies. Therefore they tended to increase public expenditure. As a consequence of this tendency, the role of the public sector in the economy has increased considerably.*

*Due to these developments, the issue of increasing public expenditures and its sources have become controversial subject among the western economists since 1960's. The debate was mainly on the role of public organizations, in other words "the bureaucracy". The economists have contended that bureaucracy is the main source of increasing public expenditures.*

### 1.Introduction

Bureaucracy is an important and characteristic institution in modern societies. However, bureaucratic system has a long historical background in Europe and in Asia. There are a lot of concepts and descriptions about bureaucracy. It can be examined from different point of views. Political scientists, sociologists, management scientists and economists have had studies on bureaucracy.

Sociologists following Max Weber, who have used the term of "bureaucracy", have taken his works as a starting point. Max Weber (1864-1920), the best known sociological writer on bureaucracy. And all modern discussions of breacracy from Weber, and everybody more or less accepts his characterisation of bureaucracy. His works include Rational Efficient Organization. Although political scientists dentify "bureaucracy" as administration of the state, economists use the term, "bureaucracy", for describing non-market organizations. (Meyer, 1985, p:2-13)

The studies on bureaucracy have formed an important part of the analysis made by economists of public choice in the non-market sector. The economics of public organizational and bureaucracy have been greatly studied by western economists more than before seventies. Likewise they consider firms, posing questions about the determinants of the size of bureaus and about

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their growing activities. Public resource allocation would be impossible without the existence of bureaucracy. Budgetary provision of goods and services implies a structure of bureaus making and implementing decisions as to which goods and services are to be supplied, in what amounts and to which groups of citizens and consumers. ( Lane, 1987, p:2)

In the welfare state, the role of bureaucracies is extensive as a considerable part of total resources which is allocated over the budget. Although there are some discussions about the necessity for bureaucracies in the welfare state, there is a wide disagreement in the basic characteristics of a bureaucratic behaviour. According to some economists, there are some problems on the bureaucratic efficiency. Actually, the efficiency problem may be regarded as a key issue in understanding the nature of bureaus and the fundamentals of bureaucratic behaviour.

Bureaucracy may be identified with regards to two approaches;

- Organizational Framework and,
- Public Choice Approach.

Public Choice Theories are concerned with bureaus and bureaucratic behaviours. They tend to be individualistic, atomistic and economic in their assumptions. Where as the organizational theory displays a preference for structure of holism and power. In the economic model of bureaucratic behaviour within Public Choice Approach, it is assumed that economic incentives and constraints are what which count, rather than the moral or intellectual qualities of public servants. ( Niskanen, 1973, p:22)

It is less than twenty years ago since economists began to incorporate bureaucratic behaviour into their models. The early works were carried out by Tullock 1965 and Down 1967 though Von Mises 1944 had set down many of the issues earlier. In their works of economic models of bureaucracy have been discussed and critiqed. Especially, economists of Public Choice have paid attention to Niskanen's work as it is called "Bureaucracy and Representative Government" ( see, Niskanen, 1971).

Public choice theory and the new institutional economics may tend to counter more piecemeal efforts to maintain standards of ethical integrity in the breacracy. These efforts may need to be reinforced by new approaches to the rebuilding of institutionalized public service. These new aproaches and new ideas also drawn from management theory, new institutional economics (namely,

agency theory and transactions costs analysis), and from public choice explanations of political and bureaucratic behaviour ( see, Boston and others, 1996; Schick, 1996).

These “economistic” approaches have been design to make the public sector look more like the business sector. However they have not addressed the ethical dimensions of public services in anything like the rigorous way that they have concentrated on instrumental issues of “efficiency” and “productivity” (Gregory, 1999, 63). As a result, ethics or standarts in public life have become an important public and political issues ( OECD, Puma, 1997, 1). And also OECD calls it an “ethics infrastructure” in public services. Similarly Robert Putnam pointed out the relationship between social capital and effective democratic governance (see, Putnam, 1993, 1995, 1996).

## **2. The Concept Of Bureaucracy**

The term of bureaucracy has many meanings from different aspects bureaucracy had become a focus of interest to social scientists, who have produced numerous literature on the subject. The word “bureaucracy” was apparently invented in France in 1764. ( Albrow, 1970, p:16) From the very beginning, writers on bureaucracy have mixed up its description and evaluation. Most of them have thought of bureaucracy as an evil. For example, the Dictionary of the French Academy had accepted the word in 1798 and defined it as;

“Power, influence of the heads and staff of governmental bureau”

A German Dictionary of 1813, defined it as;

“The authority or power which various government departments and their branches arrogate to themselves over their fellow citizens. ( Albrow, 1970, p:17)

As mentioned earlier, the best-known sociological writer on bureaucracy, M Weber took the opposite view, Weber mixes evaluation with description as much as everybody else. According to Weber, there are three distinctions of authority. Those are as follows;

- Traditional Authority,
- Charismatic Authority,
- Rational Authority,

Now, we have to explain Weber’s Authority groups:

- Traditional Authority;

Some people are obeyed because they always thought, this is traditional authority, as exercised by a hereditary priest or by the English Common Law.

- Charismatic Authority;

Some people are obeyed because of their exceptional personalities which command direct obedience from their followers, as in the case of Christ, Muhammed, or Napoleon. This as a Charismatic Authority.

- Rational Authority;

Since there are not many charismatic people around, and traditional authority can not cope with complex administration, the general trend in modern societies is toward Rational Bureaucratic Authority.

Martin Albrow ( Albrow, 1970, p:12), notes that bureaucracy definitions of the term fall into seven categories:

- Rational Organization;
- Organizational Efficiency;
- Rule by Officials;
- Public Administration;
- Administration by officials, either the public or private sector;
- An Organizational form characterized by such qualities as hierarchy and rules and;
- An essential quality of modern society.

Donald P. Warwick's approach ( Warwick, 1975, p:4) comes close to Albrow's sixth point an organizational form. For present purposes, the distinctive characteristics of bureaucracy can be listed as follows:

- A hierarchical structure, involving the delegation of authority from the top to the bottom of a organization;
- A series of official positions or offices, each having prescribed duties and responsibilities;
- Formal rules, regulations and standards governing operations of the organization and the behavior of its members;

- Technically qualified personnel employed on a career basis, with promotions based on qualifications and performance.

Of course, these are the main characteristics of the “ideal type” of bureaucracy set forth by M. Weber and elaborated by many writers since his time. As noticed, there are a lot of definitions on bureaucracy and everyone defines it differently. In order to comprehend the concept of bureaucracy, it is possible to have it analyzed with in different academic disciplines. (Beetham, 1987, p:3-4)

- Comparative Government;
- The Sociology of Organization;
- Public Administration;
- Political Economy;

### **2.1. Comparative Government**

The standart usage of the term “bureaucracy” in the 19<sup>th</sup> century was to indicate a type of political system; literally, “rule by the bureau”.

Bureaucracy was contrasted with a system of Representative Government, the role of elected politicians accountable to a representative assembly or parliament. Thus, J.S.Mill, for example, in this classic work; “Representative Government”, considered bureaucracy as the only serious alternative to a representative system, and he assessed the characteristic advantages and disadvantages of each. In the 20<sup>th</sup> century, bureaucratic rule is likely to be a similitude of militarydictatorship or one-party government.

### **2.2.The Sociology of Organization**

A second usage belongs to the sociology of organization, and derives originally from the work of Max Weber. To Weber, bureaucracy means not a type of government, but a system of administration. It is carried out on a continous basis by trained professionals according to prescribed rules.

### **2.3.Public Administration**

A third usage derives from the discipline of public administration. As the term implies, bureaucracy here means public administration as opposed to administration within a private organization.

### **2.4. Political Economy**

A fourth usage derives from political economy. As the name of the discipline implies, it is concerned with distinguishing organizations in economic terms, according to the source of their revenue. From this standpoint,

a bureaucracy is defined as a non-market organization, which is financed by government and governmental units.

### **3. Models Of Bureaucracy**

A model of bureaucracy which to provide a definitional test, to set a normative standard, to develop an explanatory framework. (Beetham, 1987, p:10-11)

#### **- Definitional Model of Bureaucracy;**

It will be concerned to specify the criteria which determine what is to count a bureaucracy, and what is not. It answers the question; How do we recognize a bureaucracy when we see one?

#### **- A Normative Model;**

It seeks to prescribe what are the necessary conditions for organizational efficiency or effectiveness, and to explore bureaucracy (either in general or particular) is able to satisfy these conditions. It answers the question; How efficient is a bureaucracy?

#### **- An Explanatory Model;**

It aims a framework for explaining the way bureaucracies function in practice, and why they do, for the formation and execution of policy. It answers the question; Why do bureaucracies function as they do?

Two distinct approaches to bureaucracy may be modelled and identified as follows:

- The Organizational Theory of Bureaucracy,
- Public Choice Theory of Bureaucracy.

#### **3.1.Organizational Theory of Bureaucracy (The Sociology of Organization)**

This theory takes its starting point from the work of M.Weber, a German social scientist, who studied the large-scale organizations that existed in the latter part of the 19<sup>th</sup> century. In his definition of bureaucracy, Weber sought to identify the most basic features common to modern systems of large scale administration. He distinguished ten or eleven of these, but they can be reduced for convenience to four main features. (Eddy, 1981, p:20-23)

Bureaucratic Organization, according to M.Weber, is characterized by;  
- Hierarchy; Each official has a clearly defined competence within a hierarchical division of labor, and is answerable for its performance to a superior.

- Continuity; The office constitutes a full-time salaried occupation, with a career structure that offers the prospect of regular advancement.

- Impersonality; The work is conducted according to merit that is trained for their function, and control access to the knowledge stored in the files.

Together these features constitute M.Weber's definitional model of bureaucracy, the criteria that a system of administration has to be properly called "bureaucratic". But what exactly is "administration"? Simply administration can be understood as the coordination and execution of policy; and system of administration as an arrangement of officials concerned with translating policy into directives to be executed at the front line of organization.

Weber, argues from a historical perspective, comparing modern bureaucracy with other types of government or authority. He believed that defining characteristics of bureaucracy were also necessary conditions for administrative or organizational efficiency; that is, definitional model served as a normative model as well. ( Beentham, 1987, p:16) Weber's Model of Organizational Efficiency (Bureaucracy as Rationality) assumes that all aspects of the individual personality which are not relevant to the strict performance of his or her duties will be cast off as they enter the organization, or suppressed through effective socialization. ( Lane, 1987, p:5-6)

### **3.2. Public Choice Theory of Bureaucracy**

Public Choice uses economic tools in the policy area and also it can be called "political economy". As the name implies, political economy approaches the study of bureaucracy from an economic point of view. ( Buchanan, 1984, p:19 ; Buchanan and Flowers, 1987, p:125-128) This means not only that it is concerned with the way organizations are financed, and with the effects the form of financing has upon the way they function<sup>1</sup>.

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<sup>1</sup> J.M.Buchanan also calls it alternatively "the economic theory of politics", see, Politics without Romance: "A Sketch of Positive Public Choice Theory and Its Normative Implications", J.Buchanan and R. Tollison The Theory of Public Choice II, Michigan, 1984, p:11.

The normative message from the public choice is derived from comparing the politic-bureaucratic organization with the market system. It is commonly recommended which political arena is like a market processes, such as competition should be introduced into the public sector. Of course, the justification behind such suggestions is heavily dependent on the behavioral and institutional assumption of the theory. ( Sorensen, 1987, p:63)

In Public Choice, the focus of interest is different from that of sociology, so too is its characteristic method of analysis or model-building. Its starting point lies not with the social totality and the way it is structured, but with the individual as conceived independently of any particular context. The individual who constitute the subjects of political economy are conceived as purpose agents who pursue their own individual interest or advantage in a rational, calculating manner. Since such agents are not self-sufficient, they need the assistance of others to achieve their purposes. This assistance is typically seen through relations of exchange. The distinctive characteristic of an exchange relationship, as A. Smith pointed out, is that one-party to it can only obtain what he or she wants through satisfying the wants of another, it is a relationship based upon a mutuality of self-interest<sup>2</sup>.

According to political economy then, a bureaucracy is an administrative hierarchy which is financed by a grant rather than by the sale of its product on the market. Such a grant can be provided either by voluntary subsidies or through compulsory taxation. ( Mclean, 1987, p:86)

The Public Choice Analysts of Bureaucracy have tried to treat the supply and demand for government goods and services. In the same way as classical microeconomics treats the demand and supply of traded goods and services. Although almost all attention has been focused on supply, the first important contribution was the demand size. The immediate demand for bureau products comes from the government. In a democracy the government asks the bureau to produce too much or too little, it risks being turned out at the next election.

Most Public Choice writers have paid remarkably little attention to the demand curve. But the most comprehensive and mathematical model of the supply of bureau goods and services is that of W.Niskanen. This is a move

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<sup>2</sup> We can also give an example from G. Tullock's view. He distinguished public choice theorist and scourge of bureaucrats have reworked a famous saying of A. Smith's; a worker, sales, manager, engineer, vice-president or any other member of a "firm" has regard to his own, not the firm's interest see; G. Tullock , *The Politics of Bureaucracy*, 1987, University Press of America.



away from the traditional assumptions of microeconomics, a move paralleled by writers on the firm. The traditional assumption was that the firm seeks to maximize its profits.

Finally, we can say that the Public Choice Model is an improvement on its predecessor because that their predecessors always claimed that the bureau is “wasteful”. But Niskanen’s claim bureaucracy is “allocatively inefficient”. Although it does not mean “X-inefficient”. According to W. Niskanen, “X-inefficient is a forbidding term. It merely means “Waste”.

#### **4. Public Sector and Bureaucracy**

The growth of government or public sector is a fundamental feature of contemporary government, especially in industrialized societies and also more recently in developing countries. However, it is difficult or impossible to measure the growth of government. In this case economists can still gain insight into the changes that have taken place in the role of government by examining figures for public expenditure. This is the most widely used measure. Because public expenditure may be the most visible portions of governmental activity. (Peter, 1989, p:24.) There has been a significant increase in the number of public organizations in most countries during the post-war era<sup>3</sup>.

Nowadays there are several fundamental approaches to the growth of government existing relating to the growth of the public bureaucracy. Eventually, we can say that there is no single cause for the growth of government. However, the public bureaucracy has become a more important institution.

#### **4.1. The Politics of Bureaucracy**

Bureaucracies have the information and expertise that contemporary governments require for effective policy making. But bureaucracy may be capable of supplying government, but unlike political parties that supply by “directionless consensus”, government supplied by bureaucracy may be government by non-consensual directions”. ( Peter, 1989, p:194-195)

The public bureaucracy is a cause of growth of public expenditure and of government generally according to some Public Choice Economists. One of the many stereotypes of the public bureaucracy is an expansive set of bureaucracy. This view is -as mentioned before- expressed in the work of William Niskanen. The role of the Public Bureaucracy in policy making and the dynamics of the

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<sup>3</sup> Also you can see for detail, Antony Becker, ed. Quangos in Britain London: McMillan, 1982; Donald Kettl. Government by Proxy, Washington D.C: CQ Press, 1987)

budget process are both too complex and delicate to be presented by any such simplistic model.

#### **4.2.The Resources of Bureaucracy**

Some definitions pointed out on the resources of bureaucracy in the literature as follows.

- Information and Expertise; The first and probably most important resource of the bureaucracy is concentrated in bureaucratic agencies.

- Power of Decision; A second power at the service of the bureaucracy is the power of decision. Public bureaucracy compared with many political institutions, especially legislative institutions, they seem a model of efficiency. ( Gouldner, 1955, p:496-507) Bureaucracies are in a position to act more rapidly than legislatures on many issues.

- Political Supporters; Political institutions have their political supporters in making claims for funding or for policy autonomy.

#### **5.Economic Models Of Bureaucratic Behaviour (Niskanen's Bureaucratic Model)**

Economic models of bureaucratic behaviour usually involve a theory of legislative behaviour in which politicians aim to maximize their electoral supports. ( Smith, 1988, p:161)

One original assumption here was that legislators are more responsive to demand for expenditure than to public concern for tax levels.

Bureaucrats are in a good position to distort information about costs because of their dominant role as interpreters. Many bureaus are to some extent in the position of monopsony. They are the sole buyers of some types of labour and materials for the goods and services that only they produce. Examples of such types of labour are firemen, army officers and policemen . In addition, a bureaucratic agency may be given preferential access to some inputs, such as land, through planning legislation, for example. Bureaus can thus undersome conditions, exercise wage and factor price discrimination. Under the conditions outlined above this is likely to reduce the economic efficiency of public provision. According to this approach, businessman maximizes profit to maximize his personal utility. The bureaucrat maximizes his budget and his salary, perquisites (a casual profit) of office, public reputation, power,

patronage, ease of managing, the bureau and ease of making changes to public policy which he believes to be in the public interest<sup>4</sup>.

Finally, this theory derived from the Public Choice Approach about bureaucratic behaviour which implies the maximization of the bureau and feature of the bureaucrats. To Niskanen, the public sector bureaucracy is a non-profit making monopoly supplies which is financed wholly or in part from a periodic appropriation or grant. His specific interest in the study of bureaucracy is to find out how bureaucrats influence the efficiency of resource allocation and how bureaucracy compares, in efficiency terms, relative to other forms of economic organization such as the market structures of perfect competition or monopoly.

The bureaucracy theory of William Niskanen [ see, Niskanen, 1971] provides one means of explaining why allocation of a good in the public sector may lead to a larger than efficient amount being produced. While managers of firms in the private sector are assumed to be profit maximizers, bureaucrats cannot retain any profits that might be generated. So it is assumed that they have some other maximand. In Niskanen's theory, that other maximand is the size of the bureau's budget. Of course, there may be other variables that the bureaucrat is concerned about (power, staff size, income, and the like) but they are generally correlated with budget size. ( Bierhaizl, 1998, p:176)

Obviously, the hypothesis that bureaucrats maximize their budgets is intended as a fundamental characterization on bureaucratic behaviour. Typical of a bureau is its public character, receiving some grant from a government budget as an essential source of its revenues. Niskanen Model of bureaucratic behaviour is based upon the following assumptions;

- Bureaucrats are primarily motivated by self-interest,
- A public sector bureau is a non-profit making organization which receives its finance from sources other than the Per-unit sale of output on the open market,
- When dealing with legislature, bureaucrats have an effective monopoly over information about the true costs of supply.

Thus Niskanen's Model is a supply side explanation of public output based upon a bilateral monopoly theory of bureaucracy. A bilateral monopoly

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<sup>4</sup> This formulation is identical Williamson's Theory of managerial discretion. See, Williamson, O.E. (1964) *The Economics of Discretionary Behaviour, Managerial Objectives in a Theory of the Firm*, Prentice Hall.

relationship is one of exchange. What is it, therefore, which is being exchanged between sponsor and bureau? "A bureau offers a promised set of activities and the expected outputs of these activities for a budget. The primary difference between the exchange relation of a bureau and that of a market organization is that a bureau offers a total output in exchange for a budget, whereas a market organization offers units of output a price" he added.

In any bilateral monopoly relationship the final outcome is indeterminate since it depends upon the relative power and bargaining strengths of the two sides. On the one hand, the sponsor does not have an alternative means of supply and the other bureau is dependent upon the sponsor for its budget. Who wins the game? A number of writers like Downs 1967, Wildawske 1968, Niskanen 1971 have suggested a variety of reasons why the bureau might come off best.

Niskanen's and Williamson's Theories grant discretionary powers to managers (Bureaucrats) to allocate organizational resources to activities which will increase their personal utilities. This freedom or discretion depends upon the competitiveness of the environment and upon the constraints which managers face.

#### **6. The Growth Of Bureaucracy**

As we said earlier, the public sector of the major industrial powers had grown rapidly over the post-war period. How does the theory of bureaucracy fit into the existing set of explanations of public expenditure growth? Do we have a sufficiently well-developed dynamic theory of bureaucratic behaviour?

This question is replied by Jackson ( See, Jackson, 1982);

"The straight answer is that our current knowledge does not permit us to make factors which influence the demand for public service increases in real incomes and increases in the client group (Population), whilst changes on the supply side include increases in the crime rate in the case of police expenditure".

A number of hypothesis about public expenditure growth can be advanced which assign active role to bureaucrats;

- Bureaucrats may lobby for salary increases for public sector employees. Assuming no staff reduction following the pay (period) award, budget will rise.

- Bureaucrats might join forces with specific pressure groups which advocate an expansion in the bureau's activities and hence its budget. Given the specialized information available to bureaucrats they make valuable allies for pressure groups.

- Bureaucrats as voters might support expansionary policies.

## **7. BUDGETARY PROCESS AND BUREAUCRAY**

A budget is more than a financial statement. It is instead, a record of how real resources (expressed in money terms) will be or have been allocated to different activities. A budget records, for example, a society's preference for peace over war, for the elimination of poverty and ill health and the translation of policies (outputs) into financial terms. Hence to a political scientist budgets are a useful means of studying policy formation. Perhaps the most central political process affecting the public bureaucracy is the budgetary process.

The budgetary process may be the arena in which political officials can demonstrate their power and their concern for the average taxpayer by limiting the amount of money allocated to the public sector, and especially to the less popular programs of government (Jackson, 1982, p:142-143) A more general approach to the analysis of the politics of budgeting is likely to take into account the interactions of budgeting is likely to take into account the interactions of all of the agents who play a role in the process, voters, politicians, pressure groups and bureaucrats.

### **7.1. Macro Allocation**

Inherent in the process of budgeting is the problem of the allocation of resources, and the first form of allocation that must be considered is the allocation between the public and private sectors of the economy. Government must decide just how much it is willing and able to tax its citizens in order to provide benefits through public expenditure. Despite the importance of this decision for the economic management and the general nature of public programs in a country, there are several factors that limit the ability of governments to make definitive decisions about the "size" of government. And also that must be analyzed for understanding how governments decide to spend money.

### **7.2. Micro Allocation**

It is at the level of micro allocation that the most of the politics of budgetary occurs. It is at this level that the priorities of individual political leaders interact to produce an allocation of resources within government. The public budget in any modern society, there is a tendency to regard budgeting as a rational process that produces an allocation of resources to match the policy preferences of the public or at least those of their elective officials. (Meltzer and Richard, 1978, p:111-118)

## **8. Efficiency Of Bureaucracy In Public Finance Policy**

The rapid growth in the relative size of the public sectors of Western Governments has brought along with it voter's disenchantment with government. The fiscal containment movement which demands restraints upon government spending and taxation has gained political power in recent years.

This is seen clearly in the election of the M. Theatcher and R. Reagan administrations which campaigned on the fiscal containment ticket. And the proposition 13 movement in California during June 1978. Following the voter initiative which amended the California state constitution, 23 other American states passed some form of fiscal limitation<sup>5</sup>.

An important element of the fiscal containment argument is that bureaucracy which has grown out of all reasonable proportions is inherently inefficient. There are too many bureaucrats, they are overpaid, they enjoy job security and receive pension rights which are more favorable than their private sector counterparts.

The issue of public sector efficiency is nothing new. It was C.Nortcote Parkinson (Jackson, 1982, p:173) who advocated that bureaucracies achieve and sustain their height of activity (and size) long after the purpose for which they were originally created has either considerable diminished or disappeared. (Jackson, 1982, p:174) There is also the machiavellian model of bureaucracy which has been proposed by Tullock (1965). Bureaucracy is described in terms of a number of agents; the chief or "sovereign"; the peers, courtiers and barons; the followers, subordinates and inferiors. In the drama of bureaucracy the principal objective governing individual behaviour is to please the sovereign. One of the conclusions of Tullock's political model is that.

Modern discussion of the efficiency of public sector bureaucracy is, however, part of an older and broader based debate, namely the comparison of the relative efficiencies of market or centrally administered provision of goods in an economy the debate between socialist and capitalist forms of economic organization and between centralised versus decentralised planning. There exist inefficiency and waste in public sector organizations, is an inescapable fact. That private sector organizations, is an inescapable fact. That private sector organizations, because of the discipline imposed upon them by the market place are less inefficient than public bureaucracies. (Schwartman, 1973, p:756-814) The idea that private sector inefficiency passed on in higher prices to the

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<sup>5</sup> For more detail see; R. Kuttner (1984), *Economic Illision: False Choices Between Prosperity and Social Justice*, University of Pensilvania Press, Philadelphia.

consumer, is more justified than public sector inefficiency, passed on higher taxes is equally questionable.

The public sector has two broadly defined allocative problems to solve. First, it has to ensure that resources allocated to the production / provision of public services could not have been put to better use by producing private sector outputs. The second problem refers to the mix of goods within the public sector itself. Allocative inefficiency in bureaucracy arises because public sector decisions are all embracing. There exists a distribution of voter preferences for taxes and public sector outputs around the actual decision outcome.

### **9. Concluding Remarks**

In this study we have tried to explain some questions relating to public bureaucracy and its finance in theoretical framework. Bureaucracy has been examined at first from the sociological point of view by M. Weber who have used the term of bureaucracy as “Rational Efficient Organizations”. However, political scientists use this term as an important governmental administrative unit and economists describe the “bureaucracy” as non-market organizations.

Recently, the main feature of contemporary government is the growth of public sector. Bureaucracy means “centralized administration of a country, through regularly graded officials. So, the more public sector (especially public expenditure) grows, the more public bureaucracy expands.

In this study, we considered the growth of public sector in the context of growing expenditures as most visible portions of the governmental activity. There has been significant increases in public expenditures in all over the world during the post-war period. There is no single cause for the growth of the government, and more important institution in public sector. According to some public choice economists, the public bureaucracy is a cause of growth of public expenditure and of government.

### **ÖZET**

20. yüzyılın ikinci yarısında birçok ülke ekonomisi, özellikle Batı ekonomilerinde savaşın yolaçtığı tahribatın giderilmesi ve ekonomide dengelerin kurulabilmesi için kamu sektörü faaliyetleri ve beraberinde kamu harcamaları artma eğilimine girmiştir. Ancak 1965'lere gelindiğinde ilk defa kamu sektörünün ekonomideki yeri tartışılmış ve bunun nedenleri üzerinde araştırmalar başlamıştır. Bürokrasi, bu araştırmalarda önemli bir yere sahip olmuş ve kamu sektörünün ve harcamalarının genişlemesinde önemli bir rol oynadığı ortaya çıkmıştır.

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