

Bureaucracy Defined

BUREAUCRACY. By Ludwig von Mises.
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By HENRY HAZLITT

THAT a rebellion against the excesses of bureaucracy is rising in America is attested by the fact that in the last few months a number of books, of which this by Professor von Mises is the latest, have appeared devoted wholly to the subject. Professor von Mises' volume differs from the others in that it is primarily concerned with basic principles. Where Lawrence Sullivan in "Bureaucracy Runs Amuck" and John H. Crider in "The Bureaucrat" are largely concerned with detailed documentation, citing some of the more amusing or fantastic examples of bureaucratic incompetence or arrogance, Professor von Mises goes immediately to the central principles involved. As a result his book becomes something far broader than one more volume on bureaucracy.

For the main thesis of Professor von Mises is that bureaucracy is merely a symptom of the real disease with which we have to deal. That disease is excessive State domination and control. If the State seeks excessive control over the economic or other activities of the individual it is bound to need a bureaucracy to do it, and this bureaucracy is bound to function in a certain way.

The main issue, in short, "is whether society should be organized on the basis of private ownership of the means of production (capitalism, the market system) or on the basis of public control of the means of production (socialism, communism, planned economy). Capitalism means free enterprise, sovereignty of the consumers in economic matters, and sovereignty of the voters in political matters. Socialism means full government control of every sphere of the individual's life and the unrestricted supremacy of the Government in its capacity as central board of production management. There is no compromise possible between these two systems. Contrary to a popular fallacy there is no middle way, no third system possible as a pattern of a permanent social order."

IT is the way in which this issue is decided, Professor von Mises insists, that will determine a host of issues subordinate to it. One of these, for example, is that of State vs. Federal power. We can have States' rights under a free private enterprise system. But if we are to have Government intervention in business it must be centralized; for if each State were free to control business according to its own plans, the unity of the domestic American market would disintegrate.

Again, under detailed controls delegation of powers becomes unavoidable. "The members of Congress would lack both the time and the information to examine seriously the proposals elaborated by the various subdivisions of the OPA. No choice would be left to them other than trusting the chief of the office and its em-

ployes and voting en bloc for the bills, or repealing the law giving the Administration the power to control prices. * * * Parliamentary procedures * * * are essentially inappropriate for the conduct of affairs under Government omnipotence. * * * It is not an accident that Socialist countries are ruled in a dictatorial way."

Professor von Mises calls attention to what he considers the inherent difference between the methods of private enterprise and the methods of bureaucracy. Private enterprise is guided by the rule of profit. Its leaders are judged by how successful they are in this respect. Not only the head of a business firm, but the head of a single department in a large firm, can be granted a great deal of discretion and responsibility in details because the over-all result of his work can be judged at any time by the profit he makes or fails to make. Through the profit motive business men are forced to serve the consumers to the best of their ability. Neither the owner nor the hired manager of a business can appeal against the verdict of the balance sheet.

BUT none of this can be applied to the public administrator. His services cannot be judged in monetary terms. They cannot be checked by the methods of accountability. The more policemen a police chief has under him the better protection he can give to a city. But he cannot be allowed to decide in his own discretion how many men he can hire. Because there is no way of attaching a market value to his achievements, his budget and powers must be controlled by detailed rules and regulations fixed by a superior body. These rules are the only means of making the law supreme in the conduct of public affairs or of protecting the citizen against despotic arbitrariness.

Thus we have the paradox that in government administration "bureaucratic management" is essential for the protection of democracy. The idea that we could essentially change the system by putting the business man in governmental posts Professor von Mises dismisses as entirely mistaken. The business man, once named, would have to act precisely like an orthodox bureaucrat; he could not operate a public office with the same principles and methods that he used in his business.

Professor von Mises' penetrating analysis is closely reasoned. Though much shorter in length and nominally narrower in scope it is a fitting companion to his recent "Omnipotent Government" and to his great critical work, "Socialism: An Economic and Sociological Analysis." Published on the day after F. A. Hayek's "The Road to Serfdom," Professor von Mises' "Bureaucracy" once more calls attention to the ironic fact that the most eminent and uncompromising of defenders of English liberty, and the system of free enterprise which reached its highest development in America, should now be two Austrian exiles.