

Organizational Design of a Welfare-Enhancing Public Bureaucracy: A Theoretical Perspective

Abstract

Marina Nistotskaya
PhD candidate
Department of Political Science
Central European University

The paper discusses a theory of welfare-enhancing public bureaucracy, advanced by Gary Milller in his influential article ‘Above Politics: Credible Commitment and Efficiency in the Design of Public Agencies’, published in 2000 and subsequent research (2001, 2005, 2007). Drawing on Bengt Holmstrom’s study of moral hazard in team production (1982), Douglass North and Barry Weingast research on credible commitment (1989) and Thomas Schelling’s research on delegation to agents (1960), Miller claims that there is no perfect solution to the problem of constitutional design of the state, however, in this second-best world a de-politicized bureaucracy or civil service plays an important role in ensuring greater societal efficiency. Expanding Miller’s larger statement of welfare-enhancing character of a de-politicized bureaucracy, the article explains how individuals components of civil service – meritocratic recruitment, seniority-based promotion and a pay system, and prospects of a life-term career prospects – shield bureaucratic decision-making from the day-to-day oversight by powerholders, thus enabling a socially efficient outcome to be achieved.