

Public Administration Inefficiency

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Abstract: Public Administration in Government and Public Sector is Notoriously Inefficient. The only way to correct this is for greater voter involvement in governance.

I hate television serials. After all how is it possible to watch a show that runs for 200 hours. Aren't you better off watching 100 movies instead. Yet one television serial I love to watch again and again is Britain's 'Yes Minister' and 'Yes Prime Minister' Yes Minister, a British Television Serial, written by Jonathan Lynn and Anthony Jay had Margaret Thatcher, the British Prime Minister acting in one of the episodes.

The serial had two dialogues that are memorable -

“23000 administrators in the department of administrative affairs just to administrate other administrators?”

“Directly responsible to me are 10 Deputy Secretaries, 87 Under Secretaries and 217 Assistant Secretaries”

Britain is far better than India it would appear.

For instance the Indian President, unlike the American President, is a ceremonial head with almost zero power and is honestly something of a “Rubber Stamp”

Yet the Indian President stays in 360-acre house costing Rs. 5 lakh crore rupees, whose annual interest is Rs. 60,000 crore and which is 100,000 times, pretended income of Rs. 60 lakh.

That is anti-thesis of Socialism, and the manifestation of Corruption and Black Money, even as the Indian Government pretends to be constitutionally Socialist, and does its best to fight corruption and fight black money.

Indian Public Enterprises fare no better. Public Sector Telecom Companies have completely lost market share to Private Sector Telecom Companies. Public Sector TV Channels have completely lost market Share to Private Sector TV Channels. And Public Sector Airlines have lost market share to Private Sector Airlines.

When India became independent in 1947, Nehru used to say that “Public Sector is temples of Modern India”

Well if Public sectors are temples of Modern India then Gods must be crazy, that phrase of course borrowed from the excellent Hollywood Movie by same name.

All over the world, India is known for its Information Technology prowess. But all Information Technology companies are in Private Sector.

The Public Sector and Government in India and the rest of the World are symbols of inefficiency, overstaffing, lethargy and laziness, and lack of profitability and growth.

Why is this so?

This is all due to Principal Agent Problem?

The principal agent problem is a concept in economics and management, where there is separation between the owner and manager and both pursue different interests, and the interests of the manager override the interests of the owner.

Now in the private sector, the owner is shareholder, who can punish the manager. But in government, the owners are voters, who don't punish the politician enough.

Let us separate the public sector and the government.

Now if the public sector is inefficient then the private sector will destroy it. So that is not a problem. As long as there is no monopoly, public sector inefficiency can be checked.

How do we tackle government inefficiency?

Rajiv Gandhi, Indian Prime Minister used to say that out of every 100 paise I send only 16 paise reaches the poor in India.

What do we do about Government inefficiency, because Government is a monopoly, after all, there is no multiple governments?

And competing political parties are not too keen on remedying and rectifying government inefficiency.

Finally, as in the case of governmental corruption, the onus on checking governmental inefficiency lies with voters. A

Governmental Inefficiency is a form of legal Governmental Corruption.

However, voters are not doing adequate to check governmental corruption which by most estimates is 5% of global GDP or 4 trillion dollars.

That can be excusable because corruption does happen under the table. But inefficiency is obvious and happens over the table and voters if they decide can cure inefficiency.

Public Administration has to learn efficiency from Business Administration and only voters can teach the lesson.