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AFTER DEMOCRACY, BUREAUCRACY? REJOINDER TO CIEPLEY

ABSTRACT: *In a certain sense, voluntary communities and market relationships are relatively less coercive than democracy and bureaucracy: they offer more positive freedom. In that respect, they are more like romantic relationships or friendships than are democracies and bureaucracies. This tends to make voluntary communities and markets not only more pleasant forms of interaction, but more effective ones—contrary to Weber's confidence in the superior rationality of bureaucratic control.*

Max Weber's inaugural editorial for the *Archiv für Sozialwissenschaft und Sozialpolitik* (Weber [1904] 1949) provided the inspiration for *Critical Review*. If anyone were to assert that this journal comes close to the standards set by the one Weber edited, it would be flattery of the highest order. But at least now, thanks to David Ciepley's major contribution, it can be said that these pages have begun to devote to Weber the attention he deserves.

Even Weber was human, though, and Ciepley, in his Reply to me (Friedman 1998) and to Ilya Somin (1998) in *Critical Review* 13, nos. 1–2, spotlights one of our hero's most dubious claims: that bureaucracy is the most instrumentally rational means of organizing people. To be sure, this claim is integral to Weber's broader portrayal of modernity as an iron cage from which escape is, at best, difficult—all the more so because the cage is so instrumentally rational to be in (e.g., Weber 1978,

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1402). Thus, rethinking Weber's assessment of bureaucracy in the way my article suggested will entail amending his picture of the human situation. Our predicament is, I think, both more dire (because it is not so rational after all) and less inevitable (for the same reason).

These departures from Weber are nicely reflected in Ciepley's response to my notion that democracy and bureaucracy suffer more from the problem of public ignorance than do markets and nonpolitical communities. Compared to my assessment, Ciepley's view of our situation is faithful to Weber in being both more benign and more "mature" (in the Weberian sense): democracy and bureaucracy aren't so bad, and we'd better get used to them.

So I will put in my pitch for a little "immaturity": a possible escape route from the iron cage, but one that doesn't require us, as Weber would, to follow a charismatic leader who will use his lawyerly training to fight (with words, at the very least) for our Nation's ideals. Maybe the iron cage is our fate; but we shouldn't reach this conclusion from the premise that bureaucracy is the most rational form of organization.

The Instrumental Irrationality of Bureaucracy

In order to properly assess Ciepley's endorsement of bureaucracy, it may help if we step back and figure out exactly what makes for bureaucratic "rationality"—or rationality in a market, or in a nonpolitical community. (I will make less frequent references to democracy, since Ciepley defends only Weber's heavily bureaucratized version of it.)

When Weber apotheosized the instrumental rationality of bureaucratic organization, he clearly meant its effectiveness as a form of power that gets people to do things they otherwise wouldn't. But how do people actually experience bureaucracy and its competitors—in this case, nonpolitical communities and markets? The answer to this question may bear on Weber's claim for the instrumental rationality of bureaucracies, because the feelings of someone enmeshed in such an organization—the "value rationality," or *intrinsic* value,[1] she finds (or fails to find) in it—may well affect how she responds to its constraints. If her response is to struggle against the constraints, they may turn out to be less effective than Weber believed. And even if she passively accepts her iron manacles, efficiency may not be the end result.

Taking a page from Foucault with which, I think, Weber would ultimately agree, one might say that nearly all human relationships are exercises of power. In all relationships the participants either agree or disagree with each other about how they should behave. If they agree, they need not coerce each other. If they disagree, they either keep quiet about it or try to influence each other to behave as they wish. If they keep their differences to themselves, then they *effectively* agree about how each other should behave—all things considered. But if their disagreements are strong enough, they will try to influence each other's behavior, and in doing so they will have to use enough coercion to get the other person to do what he resists doing.

Usually this coercion takes the form of a threat or a reward that has the *psychological* power to seduce, persuade,[2] cajole, browbeat, or frighten someone into doing what someone else wants. Even threatening to beat someone up is mere psychology; no line has been crossed into the realm of brute force. And when that line is crossed, the effect is merely to inflict on our victim a *different* type of pain, physical rather than psychic, not necessarily a *lesser* type—but still in the attempt to alter his psychology and thus his behavior.

The less violent psychological pressures are directed toward the same end as is the infliction of bodily harm: changing another's will so as to elicit desired behavior. On the one hand, even physical torture may fail to coerce effectively. On the other hand, receiving an electric shock to the soles of one's feet may be less devastating to the victim, and less potent in altering his actions, than a glance, a gesture, an unkind word, or the unspoken threat of disapproval. Indeed, we often subject ourselves to physical pain (by exercising, for example) so as to avoid the possibility of a psychological slight (sexual rejection, for example).

Strictly speaking, only the type of physical coercion that grasps someone's body and moves it one way or another against his will actually forces him to do anything. Every other kind of "physical coercion" inflicts or threatens physical pains that may be less effective than real or threatened psychological pains in achieving the coercer's goal: persuading the victim to cooperate, of his own free will. Just as he might freely decide not to walk north on a certain pathway because he knows that if he does, he will fall off a cliff, he might freely decide not to say something he had a "right" to say because he's been warned that if he does, he will be pushed off a cliff.

Liberal theorists often like to distinguish coercive interactions from those that are merely persuasive or otherwise voluntary, even though the interactions in question alter, or aim to alter, others' behavior. Making such distinctions is one role "rights" play in liberal theories. But there is no way to mark off as "noncoercive" some of the means by which people change each other's behavior that is not, in the end, parasitic on a pre-existing ethical system that establishes the right to take certain actions, which are then categorized as "noncoercive"—which simply defines out of existence the coercive element in such actions (cf. Cohen 1979; Weinberg 1997). One may, of course, taxonomize to one's heart's content, but it should at least be recognized that no matter what we call it, there is something in common among all attempts to push people around; and that this something is present whenever one is threatening, or inflicting, either physical or psychological pain on a recalcitrant party if she does not act as one desires—even if we hold that one has a "right" to threaten or inflict that type of pain.

The liberal urge to classify some types of psychological or physical pressure as noncoercive stems from the fact that ultimately, liberals value equal freedom above everything else, making them reluctant to admit that coercion is omnipresent—and a society of equal freedom elusive. Acknowledging the ubiquity of coercion, however, makes for a more realistic picture of the effects of different types of it than does labeling some of them noncoercive. For example: if, as I have been supposing, some forms of coercion have far more psychological (and therefore behavioral) impact than others, Weber's assumption that the ideal-typical bureaucratic relationship is the most effective way to control people's behavior loses a great deal of its plausibility. If you really want power over someone, first get him to fall in love with you, or wave a gun in his face. Issuing him a bureaucratic directive is a routinized but, for all of that, far less "compelling" form of compulsion than virtually any other that could be named. This may be why, contrary to Weber's all-too-Prussian perspective (e.g., Weber 1978, 1400), the economic literature on bureaucracy—for once confirming daily experience—tends to be about slacking off, evading responsibility, desultory performance, and bungling—not about crisply following ultra-logical, scientifically determined orders. (But perhaps mine is an all-too-American perspective.)

Love, Friendship, and Capitalism

Even in truly noncoercive relationships—relationships characterized by agreement—*power* is ubiquitous, although it is not exercised. Presumably we wouldn't be in a relationship with someone if it did not have some kind of value for us (instrumental if not intrinsic). This means that the person with whom we are relating has, at the very least, the power to end the relationship and deprive us of what we want. If one's beloved disagrees with the behavior of her lover, she can deploy her power to try to get him to act as she desires. But even if she concurs with his behavior, she retains latent power over him.

Power also lurks in more routinized interactions, whether or not it is actually exercised. This applies to market institutions and voluntary communities as much as to bureaucracy or any form of political governance; but in commercial and community relationships, power—I will argue—tends to be exercised more pleasantly, or not to be exercised as much, as in political and bureaucratic relationships. This is due to the greater degree of agreement among the participants in commercial and community relationships than among those in bureaucratic or, say, democratic political relationships.

Although we cannot philosophically mark out some of the actions that alter others' behavior as noncoercive, or even grade such actions as "more" or "less" coercive, there remain psychologically qualitative differences between exercising and failing to exercise power, as well as differences in the harmfulness of various types of coercion. These differences aren't without their significance. Is there any doubt that we are happiest when we are freest, in the sense of being most in accord with each other—and therefore less in need of pushing or being pushed around? Total freedom may be impossible, but freedom in more situations, and freedom from the most unpleasant forms of coercion, can still be valuable.

For that reason, loves, friendships, and more expansive forms of interaction grounded in common desires and interests—such as voluntary communities and markets—can be attractive not just if we take the freedom they embody to be intrinsically important (as so many liberal theories do), but if we take it to be instrumental to our well-being. When we have to manipulate each other or be manipulated, it does not feel good. It feels much better when we agree with each other about how to act.

Consequently, I suspect that bureaucracy tends to be not only instrumentally but "intrinsically"[3] inferior to relationships that are less dependent on coercion. The bureaucratic enforcement of formal rules of behavior is necessary only *among people who disagree with each other*. And it is only when the rules are enforced that they become anything but *mere* formalities. In the real world, bureaucratic rules translate into flesh-and-blood people bossing each other around (or threatening to do so): formalism itself becomes a mere formality, replaced by something approaching personal authority. The boss is no longer a friend if he refuses to look the other way when his subordinate has broken a rule. If we assume that bossing is nearly as unpleasant as being bossed, then in his role as policeman, the boss's lot is not a happy one—nor is that of his underling.

When Weber extols the bureaucratic ethos of rule-following, he may well be making a virtue (literally) out of a necessity. As Weber sees it, early forms of social power were based on the loyalty to an organization's aims that was induced by one's charismatic attachment to a leader—or, at the dawn of modernity, by one's sense of a calling to pursue the organization's goals, or to do the type of work one could do in the organization. But later, as people began working in organizations to which they were not so deeply committed by internal motives, it stands to reason that they could no longer be trusted to supervise themselves. Taskmasters would have had to be placed over them and rule books written to guide their behavior, using coercion to tame what would otherwise be the employees' preference to pursue ends other than those of the organization, or to use unauthorized means to those ends. The shift from internal to external enforcement of the organization's imperatives cannot have been "agreeable"—almost by definition—to the employees. What it *means* to want to do something unauthorized is that one will be less happy doing what is authorized. Bureaucracy, in this telling, is widespread because when the world becomes so "disenchanted" that charisma and a sense of calling are no longer adequate, a new mechanism of obedience is needed to get people to advance the aims of the organization.

What Weber does not seem to have recognized, however, is the inherent instability of a system in which one's motive to do as one is told is, to a large extent, supplied externally, through the coercion of one's superiors. In this light, the vaunted Prussian bureaucratic ethos—according to which the subordinate considers it "his duty and even his honor to carry . . . out as if it corresponded to his innermost conviction" orders that "he considers wrong" (Weber 1978, 1404)—may be an attempt to stabilize bureaucratic interactions by supplying the employee an internal motive for obeying orders: a sense of obligation. One is reconciled to doing that with which one disagrees by making obedience itself one's calling.

Even in the best-case scenario, however, under which the bureaucratic ethos has been effectively inculcated, the mere fact that the subordinate may disagree with orders he feels he must follow would seem likely to reduce his energy in following them, to say nothing of his creativity in finding more effective modes of achieving the goals toward which the orders aim. In short, to the extent that the bureaucratic ethos has been successfully inculcated, the bureaucrat's efficiency will be diminished, not enhanced; and to the extent that the ethos has *not* been internalized, such that the employee insists on being entrepreneurial out of enthusiasm for the organization's "cause" (or a cause of his own choosing), he will risk incurring coercive sanctions—which may not only demoralize him, but, once more, stifle his effectiveness.

Market exchanges, by contrast, while constrained by a panoply of involuntarily imposed legal rules, are, in themselves, distinguished by their foundation in agreement: agreement over the narrow issue of this good, for this price, at this time. The system works, as if "by an invisible hand," as long as we obey (through coercion, if necessary) property rules ensuring that we enter into only those exchanges that we think will benefit us. Obedience to those rules renders all resulting transactions "agreements" in a real sense—and it renders the ideal type of a market interaction psychologically pleasing, for just the reason that a bureaucratic interaction is not.

Because the topics of agreement at the point of sale can be so narrow, the market can operate not only automatically, but (in the ideal type) with complete impersonality. The terms of exchange can be defined precisely enough that buyer and seller need never even meet each other (let alone like each other). This anonymity—and the false bonhomie that is required to please customers or other potential parties to an exchange when market participants *do* meet each other—are artificial, inhuman, and alienating forms of interaction. But they are far less unpleasant than more natural relationships can be—when the latter are characterized by disagreement. Because you are *willing* to engage in trade with me (if only because the operation of the legal framework has made you desperate to buy what I'm selling, or to sell what I'm buying), I need not directly coerce you to complete the sale; and if I try to coerce you indirectly by manipulating you in unpleasant ways (such as bombarding you with annoying advertising, or assigning you to an overly bureaucratic workplace), you can—*ceteris paribus*—walk away from the unpleasantness, because I have no personal claim to the continuation of your relationship with me as customer or employee.

What is "capitalistic" about capitalist interactions is that, to use Albert Hirschman's (1970) terminology, one may "exit" from them. This is what produces the potential for competition among suitors for customers', or employees', or employers' agreement—hence for their trade—if a customer, employee, or employer is dissatisfied with her current market relationships.

Why, then, are coercive, disagreeable, reduced-exit employer/employee relationships so commonplace under capitalism? Why is it that corporations as well as governments are bureaucratic? I cannot improve on the suggestion of Ronald Coase: that capitalist bureaucracies arise when the services being purchased are so varied that it would be more costly to contract for them on each occasion than it is to contract for a sort of eight-hour-a-day servitude, in which the employee may be ordered to do many different things. As the point of agreement becomes less precise than in the ideal type of an anonymous purchase, relationships become less distinctively capitalistic, more personal, and potentially more coercive. And given modern disenchantment, we find often enough that the power latent in these relationships—the power of the employer or the manager to influence employees coercively—must be exercised.

Even in its nonbureaucratic ideal type, however, capitalism is far from being uncoercive. The members of any society must live under a given body of property law, and since they must also live with the "distribution" of property to which the law leads—even if they would like it skewed more in their direction—there must be a background of coercion to keep them in line. This is as true of capitalism as of any other system; and since every society (in its ideal type) enforces its property rules just as effectively as the others, it cannot rightly be said that the laws of a capitalist society are any less coercive than those of a Communist state.

But a coercive legal background is no *more* characteristic of capitalism than of any other system (except a utopia such as Marx's, where our nature as species-beings presumably brings us into automatic agreement about everything). And the coerciveness of the laws enforcing capitalist rules of exchange afford people more flexibility, room for choice, and thus "positive" freedom[4]—freedom to do *as they will*—than various other types of law because, given that there has to be *some* coercive legal background (and ignoring the crucial question of whether a more egalitarian legal background would, in practice, be even better than capitalism at maximizing equal positive freedom), capitalism guarantees greater scope than democracy, or Ciepley's bureaucratic democracy—where the bureaucracies are government agencies—for exiting (or never entering) relationships the participants find either intrinsically unpleasant or instrumentally unprofitable. What makes some relationships worth marking out as peculiarly "capitalistic" is that in them, we needn't confront each other with our disagreements, as must competing political partisans, or bureaucrat and subordinate, or parent and rebellious child, or friend and disagreeable friend, or beloved and discontented lover. Customer and merchant do each other's bidding only when they agree on some narrow issue; where they disagree, they have no dealings with each other. Their relationship is *ultimately* coercive, in that on the broader question of the distribution of wealth, a given consumer might like to have the merchant's riches, or a worker might like to trade places with her employer, or an intellectual might like to see the whole property system altered or abolished. Such dissidents may well have to be constrained by the threat of police intervention if capitalism is to work. But at the purely superficial level at which most of "civilized" (post-hunter-gatherer) life is lived, capitalist coercion comes packaged in a latent form that is, therefore, far more soothing than its bureaucratic rival. (This, I take it, is what so annoyed Marx about "commodity fetishism.")

The Instrumental Superiority of Markets and Communities

The constrained voluntariness of capitalism explains, of course, not only why, compared to bureaucratic power, it is relatively pleasant; but why it is relatively efficient. The ability to walk away from a given deal produces competition among those who would like to lure potential partners in exchange out of the deals they are now in; and once a medium of exchange is discovered that can be used to compare various quantities of different goods, a network of prices can arise. Getting someone to agree to exchange with you by having him compare the price of your offer to the prices of other goods is far more effective than writing out detailed rules for his behavior, and then confronting him face to face when he breaks one of them.

To repeat, a theoretically invariant amount of legal coercion must be deployed to enforce the legal framework within which any society's interpersonal relationships occur. But within such a framework of coercion—which constrains people in bureaucratic relationships as well—capitalism allows relatively numerous opportunities to exit from relationships of disagreement. This enables people to go about the business of finding common ground with, in effect, millions of strangers in a far more effective (and "agreeable") way than if they had to articulate or even think very much about their differences with each other.

The same is true, on a smaller scale, of noncommercial, nonbureaucratic communal relationships. Unlike the political "community" of a democracy, which encompasses everyone within a certain geographical jurisdiction, nonpolitical communities—although also constrained by coercive legal rules—are voluntary in that they allow people to exit (or never to enter) the community if they come to disagree with its goal, or with the means by which it is being pursued, or with anything else about the community. Democratic political "communities" are inefficient and unpleasant precisely because they block one's exit, rendering agreement less likely than if exit were open. In the face of disagreement—the normal modern condition, except in unusually homogeneous communities—one can get one's way in a democracy only through what Hirschman calls "voice": the deployment of rhetoric, the manipulation of others' ignorance, dissimulation, and all the other things that Weber and Ciepley recognize as synonymous with democratic politics. This brings me to my first direct disagreement with Ciepley. The notion that leaders who excel in the persuasive arts will tend to be good judges of public opinion is plausible; but judging public opinion is hardly the same thing as judging individuals. I do not understand how Ciepley is able to infer that a demagogue, because he is good at assessing which half-truths will sound plausible to the voter, is therefore good at assessing individuals' character. (This is to say nothing about the even more dubious claim that judgments of character can produce reliable judgments of expertise.)

Unlike democratic citizens who are members of a polity whether they like it or not; and unlike members of bureaucracies who have chosen to work there for the sake of emoluments and security (Weber 1978, 1400); people who volunteer to participate in a communal project have a relationship with each other (at least ostensibly) only for the sake of the project itself. Their participation is not subordinated to the more distant end of the things a paycheck can buy—the capitalist part of bureaucratic relationships. Nor is their behavior commanded and shaped by coercion—the bureaucratic part. Although a nonpolitical community is more cumbersome than an ideal-typical market (because the signaling mechanisms at work are rarely impersonal), such a community can be expected to be more efficient than a bureaucracy in achieving its goal, for the same reason it is predictably more pleasant: participation in it is premised on people's agreement on the desirability of participating. The members of the community, unlike democratic citizens or bureaucratic employees, interact with each other in the first place because of their enthusiasm about a common project.

The fellow feeling, the "sense of community," that grows from this common ground may be so enjoyable that it comes to be valued in itself (or as a direct means to the personal end of happiness)—unlike most market exchanges, which, stripped of personal interaction, are at best psychologically indifferent. That much—the "intrinsic" satisfaction of community—is well known; what may not be as widely recognized is that on a strictly instrumental basis, community volunteers, freed from the constraints of either consumer demand or bureaucratic edict, have the freedom—and the desire—to come up with creative ways to get things done that may make them more effective than either bureaucracies or capitalists. (Communities may be more effective than capitalism either because the communal project involves helping people who lack effective consumer demand; or because personal interaction with the project's "consumers" is required to accomplish its aim; or because community members are at the same time "consumers" and "producers" of their project's "product").

The relative desirability—both psychological and instrumental—of markets and communities flows from the possibility of exit. If a commercial or personal relationship is unattractive, one may end it: that, in essence, is what makes it commercial or personal rather than bureaucratic or political. The exit option, of course, exerts a psychological cost: instability. But because of the public's ignorance, democracy is also unstable; and bureaucracy may be even more unstable than the market once its rules have proliferated to the point at which their enforcement becomes arbitrary. On the other hand, market and communal instability are but subspecies of the overall insecurity that also infects friendships, romantic relationships, and family life when the exit option exists, and this insecurity exerts pressure on people to take their interactions more seriously. It may therefore be partly responsible not only for the endless fascination with psychology and personal relationships that marks modern cultural forms, such as the novel; but for a sensitivity to each others' feelings, and an empathy for our power over each other, that may prompt larger numbers of us, over time, to avoid commitments we are not sure we can keep.

Policies vs. Products

Ciepley overlooks the centrality of exit to the feedback markets and communities provide (not that I mentioned it) in rejecting the idea that, in coping with public ignorance, the "private sector" may pose an instrumentally rational alternative to Weberian "bureaucratic democracy." Ciepley's chief objection is that "dearth of feedback is a function not of who is providing the good, but of the nature of the good provided" (1999, 201). Thus, he suggests that the bureaucratized democratic state provides goods that would not be improved upon by less coercive arrangements: we elect political leaders

> to do things like determine trade policy. Here the feedback is indeed opaque—difficult both to isolate and to interpret (consider the debate over NAFTA). But we'd get no better feedback if trade policy were set by a private corporation (as the case of the East India Company suggests). (Ciepley 1999, 201)

The idea, however, is not that *privately owned* organizations somehow deal better with ignorance than public ones. Instead, the idea is that the markets and communities that comprise the non-state sector (civil society) have an epistemic advantage to the extent that they allow exit options, hence potential competition. (Indeed, only to that extent am I defining them as markets and communities, rather than as states.) A private corporation setting "trade policy" is as much a no-exit monopoly as is a state; indeed, like the East India Company, it is simply an appendage of the state, or a state bureaucracy guided by the profit motive. But the profit motive is not what differentiates markets from states; it is the possibility of exit. The state is whomever uses the Weberian "*monopoly* on the use of force" to prevent competition (of various kinds) within a geographical area—that of the "nation-state."

To take Ciepley's example, if there were exit options in matters of "international" trade, the result would look like the East India Company only in the unlikely event that one company managed to buy and sell, to the satisfaction of all the inhabitants of a nation-state, all the trade goods from "abroad" that the inhabitants wanted to sell or buy. Even in that case, what its customers would be evaluating when they bought and sold goods through this huge company would not be its "trade policy" per se. That would, as Ciepley recognizes, place almost impossible epistemic demands on them. Rather, they would be evaluating individual products that provide much more interpretable feedback about their "goodness" than does "trade policy." Indeed, there would be no more need for an international "trade policy" to exist—let alone for it to be set by any authority (public or nominally private), let alone for it to be assessed by voters or their agents—than there is, at present, a need for a *national* "trade policy." Trade would be conducted between parties that agreed to exchange with each other: parties that had the option of not trading, if they failed to come to terms. The benefits of engaging in relationships that people think will improve their lot would extend unimpeded across the artificial borders of nation-states, and the theoretical knowledge required to set the terms of international trade for hundreds of millions of citizens would no longer be necessary. All that would be necessary is for the potential participants in each of the billions of bilateral trade relationships that compose the global economy to assess whether a given exchange would benefit *them* as individuals. Undoubtedly, their feedback-driven assessments would often be incorrect. But they would be far likelier to be correct than are theory-driven assessments of what would benefit all the citizens of a nation-state.

Admittedly, in a world economy that is (contrary to the prevailing wisdom about "the triumph of global capitalism") governed by nation-states and their no-exit "trade policies," a hegemon such as the United States can make incremental progress by pushing (through such devices as NAFTA) for freer trade than is currently allowed. But to consider NAFTA "progress" is to reject the notion that democratic bureaucracies are as well suited to handling epistemic complexities as markets are, since the end point of such progress would be to replace all trade policy with trades of products.

Consider a different example: Kevin Dowd's construction, in these pages (Dowd 2000), of the ideal type of a laissez-faire monetary order against which to judge the widely bruited notion that "laissez faire" describes contemporary international finance (as opposed to contemporary international trade). Dowd conducts a thought experiment in which states have no role in "monetary policy." What this means is not that consumers would then have to assess the wisdom of the monetary policy undertaken by a privatized monetary authority—or even the wisdom of the monetary policies of competing banks, each issuing its own currency. Consumers of money would no more have to evaluate the macroeconomic theories used by the competing banks than they have to understand, right now, why one bank offers more ATMs or better service or higher rates than another; or why Subarus are better than Hyundais. Expertise in the banking or automotive industries is nice, and might even be helpful, but for the most part it is made unnecessary because most consumers can rely on the feedback provided by their own experience—and the experiences of others whom they trust (some of whom might possess such expertise)—to tell them which car, or which bank, or which currency, is reliable.

My difference with Ciepley on this point amounts to registering an objection to his conflation of "the nature of" goods that happen to be publicly provided with goods that *have* to be publicly provided. Goods that are publicly provided, we agree, will tend to produce little in the way of feedback that would allow a voter or a politician to make wise "policy." But what characterizes the "nature of a good provided" by states is not necessarily that it is a "public good" in the sense of a good that *must* be provided by states (or their agents). Rather, what characterizes goods that *are* publicly provided is that the state uses its legal power to ensure that there is no possibility for consumers of the good to go elsewhere: the state uses its monopoly on legitimated violence to create a monopoly in the provision of a certain good, for which political decisions about "public policy" then substitute for the decisions of individual consumers about how good the product is. If exit and thus competition were allowed, then *nobody*—let alone politicians or voters—would have to decide (on behalf of *everyone*, and therefore in a manner that is bereft of easily interpretable feedback) "trade policy," "monetary policy," "education policy," "health policy," etc. Such policies would not even exist, except in the sense that Subaru, Hyundai, and their competitors have "automobile-production" policies. These policies are evaluated by consumers' reaction to the feedback generated by the cars they buy—not by consumers', or politicians', grasp of the policies themselves.

The only type of "policy" that is inherently "public," and thus must be subjected, in a democracy, to direct assessment by voters, politicians, or those they appoint, is the policy involved in producing a good that cannot be produced if exit is allowed (cf. Cowen 1992, Schmidtz 1993, and Varian 1993). Only with such truly public goods is it true that, as Ciepley contends, "dearth of feedback is not a function of who is providing the good, but of the nature of the good provided."

When the exit option is impossible—as with some forms of air pollution, military defense, and of course the elucidation and enforcement of property law—then, indeed, it is the nature of the good, not of its provider, that leads to ignorance about how much of it, what type of it, and so on, should be produced. In using the example of military preparedness, I was not suggesting that public ignorance could be ameliorated by turning defense over to "a private firm" (Ciepley 1999, 201). Rather, my point was directed against Somin's idea that reducing the number of government tasks would diminish the public's ignorance of the tasks that remained. Precisely because, in this case, "the nature of the good" precludes an exit option, useful feedback would likely continue to be scarce, and military policy correspondingly irrational, no matter how many other items were on the public agenda, and regardless of whether "defense policy" was made by a "private" corporation.

Democracies vs. Markets

Part of Ciepley's argument is that useable feedback about the quality of certain kinds of goods is scarce by nature, regardless of who (government or "private" corporation) provides it. Another part of his argument is that feedback about *who is responsible for* the quality of such goods is also independent of their public or private provision. So while he agrees with Schumpeter (1950, 263) that "the picture of the prettiest girl that ever lived will in the long run prove powerless to maintain the sales of a bad cigarette," Ciepley (1999, 201) contends that "if presidents were elected to provide quality cigarettes, we'd know a good president from a bad one as surely as we know a good cigarette from a bad one."

I cannot entirely go along with him about that. It *may* be that the *demos* will accurately blame its leaders when things go wrong; but since a democracy relies so heavily on "voice" to replace exit, it strikes me as plausible that politicians will sometimes be able to shift the blame to "evil" others—such as the encircling capitalists who for decades, to take Ciepley's example, were blamed, with a great degree of success, by Communist leaders for the defects of their societies; or the greedy electric companies that are now being blamed for the California energy shortage.

The rhetorical skills for which democracy (even more than Communism) selects can capitalize on public ignorance to make such claims credible. But as Schumpeter pointed out, capitalists use the rhetorical arts too—in their advertising. Still, even if the rhetorical skills of politicians and advertisers are equivalent; and even if, therefore, democratic citizens would be able correctly to identify the source of, say, bad cigarettes produced by a state monopoly as much as capitalist consumers can do so; there is another problem. Citizens, unlike consumers, have no effective recourse when they encounter negative feedback. Even if we all agree that our cigarettes taste bad because of incompetent political leaders (but how would we know what tastes "bad" if the lack of exit has deprived us of the ability to try other brands than the one produced by the state?), what could we then *do* about it?

When cigarettes are privately provided (i.e., competition is not legally obstructed, so exit from one brand is possible), adventurous consumers under the influence of an ad for a "new, improved" cigarette may be prompted to repurchase it if it turns out to be superior to the old brand. This would enable the new manufacturer to buy more of the services of advertisers whose work would further build up the cigarette's brand name. An advertising blitz would, in turn, tend to generate more sales by signaling less adventurous consumers that the new brand is popular enough that it may be worth trying.

By contrast, "customers" of a democratic state's cigarette monopoly, lacking the opportunity to act on their dissatisfaction by buying another brand, would be subjected to one kind of cigarette per political regime, even if they could identify the regime as the source of the brand's defects. Those who were dissatisfied with the current brand would have to wait until the next election to switch brands—*if* they could (somehow) persuade a majority of their peers that a brand they had not yet tasted would be worth voting for. The "long run" over which Schumpeter pointed out that advertising could not maintain the sales of a bad cigarette will arrive only if consumers are *individually* free, in the short run, to be seduced by a variety of advertising campaigns, until enough of them get enough varied feedback to be able to ignore the seductions of bad cigarettes. Public decision making—decision making that allows no individual exit—slows things down so much that the long run may never arrive.

None of this is to suggest that Ciepley advocates a government cigarette monopoly. But his example does neatly illustrate the potential for superior feedback, and corrective action, on the two matters he identifies as leading to public ignorance: the difficulty of assessing both the quality of public policies and the responsibility for it.

I should add that *democratic* public decision making replaces relatively pleasant (if banal) commercial attempts at "persuasion" with the distasteful, demonizing demagoguery with which any observer of politics is familiar. Neither the photo of a model nor a catchy slogan is usually enough to persuade people to switch party "brands" when so much more than cigarette choice is at stake, and when the new "brand" cannot be sampled without saddling oneself with it for an entire term of office. The bigger the stakes and the scarcer the feedback, the bigger and harsher the lies.

State vs. Private Bureaucracies

Since Ciepley finds markets and democracies to be equally incapable of dealing with public ignorance, he turns, like Weber, to a combination of the democratic state and bureaucratic organization as a (partial) solution. Like Weber, Ciepley is impressed by the bureaucrat's ability to govern more wisely than either an ignorant voter or an ignorant consumer. This is because like Weber, Ciepley seems to assume that bureaucracies are chiefly characterized not by their hierarchical, rule-issuing coerciveness, but by their expertise. So—to return to the cigarette example—fearing possible reprisals from the voters, a democratic political leader could simply rely on the expertise of her cigarette bureaucracy to produce a "good" cigarette.

But the bureaucracy wouldn't have produced a bad cigarette to begin with if, indeed, bureaucracy is rule by experts. Ciepley's emphasis on bureaucratic expertise (following Weber's) is both exaggerated and beside the point. In the *state* bureaucracies Ciepley defends, "expertise" is measured by success on examinations and by length of tenure. To equate such measures with "expertise" vastly overstates the ideal-typical bureaucrat's immunity from the problem of ignorance. Are skill at taking tests and at surviving office politics really the qualifications we want in a cigarette manufacturer—or, to take up Ciepley's other examples, a dress manufacturer, a general, or the designer of trade policy?

Maybe such skills are not so much *good* indicators of expertise as they are the best we can do. But in that case, there is no reason they could not be adopted by *market* bureaucracies. A corporation whose bureaucracy mimicked the hiring practices of state bureaucracies would, if Ciepley is right, produce the best possible product. Consumers would flock to buy it, and its competitors would either be driven from the field or driven to adopt the same methods. At worst, then, market bureaucracies would be no less efficient than state bureaucracies. But at best—if there are, in fact, better criteria of expertise than exams and years of service—then market competition would be expected to find those criteria, producing an epistemic edge over state bureaucracies.

Whether examinations and years of service measure true expertise, however, is probably irrelevant. The plain fact is that even true experts—experts in the project at hand—very often *differ* with one other. Given the starting point of Ciepley's exchange with me—that the problem of public ignorance is real, and that it is ultimately due not, as Somin maintained, to the *irrationality* of becoming politically well informed (given the insignificance of any one vote), but to the *impossibility* of being politically well informed (given the complexity of modern societies, and the infinity of the state's mandate to intervene)—it follows that experts will almost necessarily disagree about what should be done, and that expert consensus is as likely to indicate the "experts'" common reliance on a simplifying heuristic—such as ideology—as to indicate that they have discovered an unquestionable truth.

I must acknowledge that this claim will seem implausible to many readers, while others will find in it the essence of common sense. I can only say that which side of the fence one falls on depends on predispositions—heuristics—built up over a lifetime of encountering various claims to expertise. Those who tend to agree with the experts, especially in the field of their own expertise, will tend to view the disagreements among experts as a trivial thing. Those who have disagreed with the expert consensus in their fields—and who have, perhaps as a result, been (overly?) sensitized to the gigantic shifts in opinion that have taken place among experts in other fields (think of medicine, computers, psychiatry, philosophy, and economic—where the consensus now embraces positions formerly staked out by lonely dissident "experts," or by no experts at all)—will, at best, be skeptical of the notion that "expertise" corresponds with "possession of the truth."

Whichever camp one finds oneself in, however, I cannot see that Ciepley (1999, 209) has provided any reason to think that *state bureaucracies* will be "repositories of the local knowledge and expertise required to carry out governmental tasks efficiently and equitably," rather than repositories of local prejudice masquerading as expertise. In concrete terms, how is the voter, or the politician—or the political theorist—to decide *which* experts to employ in a state bureaucracy? This is almost the same question Ciepley asks me when he questions the ability of consumers to distinguish real from phony consumer-product "experts." Since they would need the advice of such experts only if the consumers themselves were ignorant, how could they overcome their ignorance in order to figure out which experts to listen to? Ciepley seems to think that bureaucratic democracy has a way out of this conundrum that is unavailable to consumers: the selection of bureaucratic personnel by other bureaucrats—a process Ciepley (1999, 209) calls "experts hiring experts."

Before pointing out the theoretical problem with this solution, let me flesh out just a bit my empirical objection. If, indeed, modern society is a dauntingly complex place—complex enough to require experts on many topics of whose existence even other social scientists are ignorant—then the views of the bureaucrats who are already in place seems no likelier to be true expertise than to be a mere bundle of heuristics for dealing with complexity—no better than voters' reliance on party affiliation, or on economic prosperity, or on whether a polity is at war, or on whether a politician "cares about people like me" (insight into which is largely filtered by mass media with biases—heuristics—of their own). If existing bureaucrats are in charge of hiring their subordinates and replacements, it seems to me that we are likely to get not experts hiring experts, but well-educated ideologues hiring ideologues.

Assume, however, that I am too pessimistic, and that bureaucratic self-perpetuation is as close as we can get to rule by experts. Then what prevents markets from using this method as assiduously as states? (For that matter, what ensures that states will use it?) If bureaucrats hiring bureaucrats produces expertise, and if expertise is important, then competing commercial bureaucracies will find fewer of their customers heading for the exits if this is the hiring method they employ. Moreover, when under capitalism allegedly expert bureaucracies compete with each other, as in Ciepley's example of competitive consumer-protection agencies, their customers can supplement the expert counsel they purchase with direct feedback. If taking the advice of *Consumer Reports* serves me well, then I have a reason to subscribe to it beyond its publisher's untested assertion that it is a fount of consumer wisdom. I am not sure why, even with Ciepley's faith in bureaucratic expertise, he thinks its "repository" is *state* bureaucracy.

One possible reason may be found in Ciepley's analogy between politicians hiring the heads of bureaucracies and corporate boards hiring CEOs—or CEOs hiring managers—who are, in turn, competent at hiring experts. Ciepley's idea is that "his years of political struggle" have made the politician competent at "judgment of people" (Ciepley 1999, 210), just as is the CEO. But once again, even if the analogy holds, state bureaucracies will, at best, be only as expert as the private ones to which they are supposed to be superior—so why foreclose competition with them (i.e., why make them *state* bureaucracies at all?)? Perhaps the answer is that *political* struggle—struggle within *democracy*—makes the politician an even better "judge of people" than his private-sector counterpart. But in that case, we would expect the democratic element in corporate governance—the shareholders' meeting—to assume much more than its usual ceremonial role, since corporations that gave real power to their shareholders would find themselves with the most effective CEOs, and thus with the most profits. Again, there is no theoretical case for preferring state to capitalist bureaucracies—or bureaucracy of any kind to *whatever* form of organization emerges in markets and voluntary communities.

Whether one relies on the expertise of existing bureaucrats, or on the character judgments of politicians—or on a rule-following or a "public-spirited" ethos (Ciepley 1999, 203)—turning to state bureaucracy as a source of wise governance has all the appearance of bringing in a *deus ex machina* to magically solve the problem of ignorance. States—whether bureaucratic, democratic, or bureaucratic-democratic—have no epistemological tools that cannot be duplicated by exit-based associations. If voters can choose good experts by selecting for good character, then so can consumers, and commercial competition would take the form of propaganda not about the products, but about the CEOs who picked the experts who designed the products. If an ethos of rule-following, or of public service, could make state bureaucracies efficient, the same ethos could be encouraged, in the same ways, within commercial bureaucracies. If members of the bureaucratic status quo can be trusted to be more expert than anyone else, then commercial bureaucracies, likewise, would rarely make mistakes; but when they did, consumers—unlike the subjects of a state bureaucracy—would be able to turn elsewhere for expertly produced goods.

Instrumental Rationality without Expertise

One would think that if any of the forms of association we have been considering have an epistemic advantage, it would be markets and communities, because exit allows participants in capitalistic and communal relationships to respond to feedback *without* having to acquire exactly what is, at the very least, difficult to find: true expertise about the complex social world. This a priori suspicion is borne out by each of Ciepley's empirical examples.

Take the corporate management-selection process. Because consumers can stop buying Firestone tires if they start exploding—they can exit their relationship with Firestone and buy a competing brand—a CEO who fails to stop that exodus is likely to be a less attractive candidate for another job than if his stewardship had led to a more profitable outcome. When consumers make the decisions that provide the profit-and-loss feedback against which corporate managerial performance tends to be judged, they need not concern themselves—as they would have to, returning to the earlier example, in judging competing politicians' rhetorical claims for various cigarettes—with what the *reasons* are for the failure of the tires. All they need do is buy a different brand—a possibility opened to them by the greater scope for exit available to them than is open to voters. *Whatever* it is that enables the CEO of the more-successful company to produce better tires, or cigarettes, she will tend to be rewarded for this quality by profits that will give her direct control over more resources than her less-successful competitors, and that will indirectly enhance her reputation as a good manager if she looks for work elsewhere.

It is, indeed, the "competition" (Ciepley 1999, 203) fostered by exit that enables markets (and, in their own way, voluntary communities) to rely on (and therefore to generate) more feedback and less "expertise." The comparative advantage markets and communities have over state bureaucracies is that the exit option enables market and community participants to react to feedback without acquiring an unattainable understanding of why their cigarettes taste bad or why their tires are exploding. The feedback they get from their market or communal relationships is itself the reason for entering into the relationship, rather than being a heuristic for inaccessible information. Where there is competition among entrepreneurs and the managers they hire to realize their idiosyncratic visions, consumers will receive different feedback from different products. Companies whose "experts" deliver bad products will tend to be abandoned in favor of new entrants; and the new products will tend to succeed only if they provide better feedback than the old ones did.

Ciepley's example of the collapse of the American silk industry illustrates the same point. Apparently the synthetic fibers American silk manufacturers used were inferior to the real thing, and consumers caught on. This is precisely a case of feedback driving consumers away, without their needing to understand the source of the problem. Ciepley's speculation about how much better things might have been if only a wise bureaucrat had imposed a "simple government inspection system" (1999, 202) begs the important questions: if such a bureaucrat had existed, what would have ensured that *he* would have been in charge of the inspection system, rather than one of the "experts" who erred in recommending synthetic silk? Conversely: if a state bureaucrat could be aware of the incipient problem, why couldn't his private-sector equivalent have established a brand whose selling point was that it didn't use the cheap synthetics of its competitors? *Somebody* needed to have the foresight of the founder of Ciepley's imagined inspectorate; why is this wise man more likely to have been found in the public than the private sector? Indeed, given the incentives set up by the ability of consumers to walk away from bad products, why isn't it *more* likely that the wise man would work for a corporation?

In addition to relieving the epistemic burden on marketplace decision makers, the exit option is responsible for the greater creativity and energy that, as I noted earlier, can be expected from voluntary communities. The dedication of community volunteers to the cause that has brought them together cannot (except by chance) be duplicated effectively in a democracy, because a democratic *polis* brings into the net of its "community" everyone who happens to live within certain geographical boundaries, not just those who want to cooperate to achieve an end. Now if, at least in part, what motivates community volunteers to participate in a community is the desire to achieve some goal, they are likely to drop out if their efforts fail. Thus, the exit option will help select for effective communities—again, without anyone being required to articulate, as an expert would, what it is about a given community that makes it effective.

Just as the exit option enables consumers to abandon bad cigarettes or silk dresses, and volunteers to abandon unsuccessful communities, foreclosing the exit option leads not only to the ugliness and ineptitude of democratic politics, but the ugliness and ineptitude of the ideal-typical bureaucracy. I have suggested that the reason for bureaucratic hierarchy and red tape is the need to control employees who are not necessarily motivated by agreement with the ends, means, and personnel of the organization—as they would be if it were a community association; and who do not necessarily find each of the tasks they are assigned relatively agreeable, as they would if they were hired for each task individually. Even though any kind of bureaucracy is going to depart from ideal-typical market relationships, however, an entrepreneur's passionate vision of how to improve on what the market already offers may lead her to want to hire people who share her vision and are more concerned with achieving it than with rule following. If, as seems possible, creatively engaged employees are preferable to time servers, then her selection of such employees—and her creation of a workplace in which they can flourish—will itself tend to be selected for by the market, since consumers will be able to respond to the positive feedback her product provides by buying more of it. In state bureaucracies (monopolies), by contrast, such passion cannot (except by chance) be duplicated, because it depends on the entrepreneur being able to choose personnel who will think of creative ways to implement her vision. Since what makes a state bureaucracy different from a private bureaucracy is the inability of its "consumers" to choose another "brand," it has no mechanism to select for passion and creativity in either its leader or her subordinates. If passion and creativity are, indeed, valuable in organizations, governments have no way of encouraging it. (On the other hand, if my speculation about the value of passion and creativity is incorrect, then the market will select for corporate bureaucracies that are as sclerotic as state bureaucracies, and no advantage would be gained by foreclosing the opportunity to choose among them.)

* * *

There is more than a whiff of functionalism in Weber's view of bureaucracy. "The Germans," he claimed, "perfected the rational, functional, and specialized bureaucratic organization of all forms of domination from factory to army to public administration"; and World War I would mean "the world-wide triumph of this form of life, which was advancing at any rate" (Weber 1978, 1400).

Yes, bureaucracy seems to be everywhere; yes, that may indicate that it has a function; but does it follow that its function is unrivalled efficiency? Or might its function, instead, be simply that it is a way to keep a lid on employees who would otherwise be unruly because they have been hired (whether by a capitalist or a politician) to do work about which they are not particularly enthusiastic? In that case, bureaucracy would be a function not of its rationality, but of the quantity of uninspiring work to be done. If that quantity diminishes, so will the need for bureaucracy.

In the meantime, we should not mistake the omnipresence of bureaucracy for its rationality, or equate the advantages of marketplace bureaucracies with those of bureaucratically dominated states. Any form of interaction—from bureaucracies to markets to communities to personal relationships—that is left standing once unhappy participants can leave will, by virtue of surviving the exit test, have proven itself at least relatively (and temporarily) effective in binding people together in pursuit of some goal. If we assume that people tend to gravitate toward relationships that (for reasons they need not understand) make them happy, there would seem to be good reason to doubt that, other things being equal, organizations that specialize in coercion will be any more efficient in their output than they are satisfying in the eyes of their participants.

NOTES

1. I am using the term "intrinsic rationality" (Weber's "value-rationality") loosely, to indicate that participation in a relationship is valuable because it is fun, rewarding, or otherwise pleasant. Strictly speaking, pleasant actions are valuable not in themselves, but as a means to the end of happiness. But in familial, communal, and market relationships (as opposed to romantic relationships and friendships), the pleasure that may be what is truly valued by the participants is often not the end toward which the relationship is supposed to be instrumental. I loosely refer to the pleasure that may actually motivate people to participate in such relationships as "intrinsically" valuable so as to distinguish the real goal served by their participation from the ostensible goal.
2. Even persuasion requires a power relationship, since if one did not value one's interlocutor—if only for the truths he might have to offer—one would not converse with him. This gives him the power to withdraw from the conversation if he does not like how you are conducting your end of it—a coercive possibility that, to some extent (depending on how much you value his insight), gives him the ability to shape your behavior.
3. See n1 above.
4. See Friedman 1997, 430.

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