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## FOR THE THEORY OF PUBLIC CHOICE

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**Annotation.** *The article identifies the growing role of politics in public life, which has an impact on the state of the economy as a whole and the welfare of each individual separately. The genesis of views on the formation of the theory of public choice is revealed.*

*The scientific hypothesis is defined, namely: the public choice has a significant impact on a number of political, economic and social parameters that are reflected in the factors of positive and negative influence on the formation of the political and social sphere in society.*

*In order to test a certain hypothesis and identify the relationship between these factors, a number of indicators have been selected and calculations have been made. It is presented the interaction of authorities and citizens, through the mechanism of public choice and maximization of satisfaction of needs.*

**Key words:** *public choice, political responsibility, political passivity, political activity, political indifference, social responsibility, social activity, social passivity (inertia) and social indifference.*

**Formulation of the problem.** At the present stage of the globalization of the development of world civilization, Ukraine, like other countries of the world, is in the processes of transformation of all spheres of human life. There is a need for the emergence of qualitative new principles of socio-economic functioning of modern society, envisaging a rethinking of the ultimate goal of its functioning in the direction of shifting the vector from the rent-oriented economy to a socially equitable economy. This type of economy is aimed at solving global problems and ensuring the overall security of society, the development of creative potential, the welfare of citizens, countries and the world as a whole. At the beginning of the twentieth century, the role of politics and the influence of political relations as a general economic state of any country, as well as on

**Аннотация.** *Раскрыта возрастающая роль политики в общественной жизни, что влияет на состояние экономики в целом и на благосостояние каждого индивида в отдельности. Раскрыто генезис взглядов по формированию теории общественного выбора. Определена научная гипотеза, а именно: общественный выбор оказывает значительное влияние на ряд политических, экономических и социальных параметров, находят свое отражение в факторах положительного и отрицательного влияния на формирование политической и социальной сферы в обществе. С целью проверки поставленной гипотезы и выявления взаимосвязи между указанными факторами отобран ряд показателей и проведены расчеты. Представлены взаимодействие органов власти и граждан через механизм общественного выбора и максимизации удовлетворения потребностей.*

**Ключевые слова:** *общественный выбор, политическая ответственность, политическая пассивность, политическая активность, политическое безразличие, социальная ответственность, социальная активность, социальная пассивность (инертность) и социальное безразличие.*

the life and welfare of an individual are intensifying. The implementation of mentioned before depends on the degree of democratization of society and on how the political choice in the country takes place.

The significance of the study of the chosen topic is determined by the growing role of politics in public life, the influence of political relations on the state of the economy and on the welfare of each individual separately. Solving the problems of social inequality, public choice and optimal solution of them remains insufficiently studied. Therefore, the answer to the question "What should be the choice of society, especially in the conditions of the transformational changes of the rent-oriented economy?" Acquires special relevance and needs for scientific research.

**Analysis of recent research and publications.** The theory of public choice is one of the modern neo-

institutional economic theories that emerged in the 1950's and 1960's. The founder of it is the American scientist-economist J. Buchanan, who received the Nobel Prize for Economics for Research in the field of the theory of public choice in 1986. The theory of public choice is often associated (identified) with the new political economy, primarily because it studies the political mechanism of the formation of macroeconomic decisions.

For the first time, the study of the problems associated with the public choice of voting problems was made in the work of J. A. Condorcet, T. Laplace, C. Dodgson (Lewis Carroll), "Analytical studies of voting rules" (1871—1875 biennium) [2].

A direct impulse to the development of the theory of social choice was given by A. Bergson and P. Samuelson in the 30's and 40's of the twentieth century, on solving the problems of market socialism and the welfare economy. In the welfare theory, it has been demonstrated that in certain industries the private market system tends to fail, especially when compared to idealized criteria for efficient allocation and allocation of resources.

In the 1940's, G. Tullock in his work *The Theory of Failures* revealed the concept of "failure of the bureaucracy". In his opinion, the bureaucracy is a system of organizations that does not produce economic benefits that have a value assessment (reduces the income of those economic agents whose activities are not related to the sale of the results of their activities). Because of its position, the bureaucracy has no direct connection with the interests of voters, it serves primarily interests of different echelons of the legislative and executive branches of government. Therefore, officials are often directly associated with groups that advocate special interests in the parliament. In this regard, the representatives of this theory advocate the restriction of economic functions of the state [1, p. 23].

The main theoretical origins of the theory of public choice is laid by D. Black in his work "On the rationale for decision-making by groups" (1948) [1, p. 23]. D. Black rediscovered the paradox of non-transitivity, exploring the mechanism of decision-making in committees generated by the British bureaucracy. In the framework of the theory of direct democracy, D. Black developed a model of the so-called median voter, according to which decision-making is carried out in accordance with the interests of the centrist voter (a voter taking place in the middle of the scale of the interests of this society).

K. Arrow in his work "Public Choice and Individual Values" (1951) conducted an analogy between the state and the individual, and also derived a model of the theorem on the absence of a dictator, known as the "Arrow Paradox". It is proved that one can not rely entirely on the results of the vote, since they largely depend on the specific rules of decision-making. This means that in a society (elected body) there is no rational approach, the principle of transitivity of advantages is violated.

A similar situation is called the paradox of voting — the contradiction that the voting on the basis of the majority principle does not provide the identification of the actual benefits of society to economic benefits.

In the work "Accrual Consensus" (1962) J. Buchanan and G. Tullock conducted an analogy between the state and the market, namely, analyzed the process of making economic decisions by mixed methods of economic and political sciences. The relations of citizens with the state were considered in accordance with the principle of "service for service" (*quid pro quo*). J. Buchanan in his works emphasized that public policy can not be regarded as a division, but is the definition of the choice of rules according to which such a division is carried out. The indicated provisions on the formation of relations between members of society, as citizens of the country and the state, were further developed in the work of J. Buchanan "The Limits of Freedom" (1975) and became the basis of the theory of public choice [2—4].

D. Mjuller, W. Niskanen, M. Olson, R. Thollison, who also investigated manifestations of "government failures" and showed them through the functions of government or political forces, played an important role in the development of the positions of the theory of public choice. organizations, when their activities were subjected to checks for compliance with the idealized criteria of efficiency and equity [5; 6].

In general, significant contributions to the development of this theory were made by such economists as G. Tullock, M. Olson, D. Muller, R. Thollison, W. Niskanen, F. Hayek, R. Nureev, A. Azuan and others. The scientific hypothesis that underlies this work is that the public choice has a significant impact on a number of political, economic and social parameters that are reflected in the factors of positive and negative influence on the formation of the political and social sphere in society.

**The purpose of the article.** To reveal the content of the main aspects of the formation of the theory

of public choice and its practical application in Ukrainian realities.

**Presentation of the main research material with full justification of the received scientific results.**

The theory of public choice as an independent direction of economic science was formed only in the 1950's and 1960's. The theory of public choice contains the following basic elements: purpose, political process, process objects, process subjects, process locations, process control and regulation.

The main purpose of economic actors is to maximize utility in the consumption process. The political process represents the process of exchange of actors' voices for public goods and the opportunity to maximize the usefulness of goods as a whole. The main subjects in the process are the actors, including the state and voters. The state is a sphere of competition of actors for the possibility of impact on the distribution of resources and economic effects, as well as the place in the hierarchical system. The state is also defined as the place where the sale of a specific product — the vote of voters — takes place in exchange for adopting laws protecting their interests by representatives of the government (deputies, leaders, and the president). The last element of the theory of public choice is the control and regulation of the political process by employees in respect of compliance with all norms and rules of the latter by all subjects of such relations.

In general, the object of the analysis of this theory is the public choice in conditions of both direct and representative democracy. Therefore, the main areas of its analysis are the electoral process, the activities of deputies, the economy of bureaucracy and the policy of state regulation of the economy.

At the present stage, the subject of studying the theory of social choice is the attitudes and behavior of individuals in the public sector, that is, those who can vote and act as voters, contenders, elected representatives, leaders or members of political parties, bureaucrats (all this is the role of "public choice") with a set of results that we observe or could observe. The theory of public choice makes an attempt to offer an understanding and explanation

of the "complex" institutional interactions that take place in the field of political activity. The emphasis on the word "sophisticated" is made to show contrast with the approach that simulates the state as a certain monolith, which exists on its own and separate from those actually involved in the process.

An important fact of the present is the lack of theoretical concepts that explain the nature and mechanism of the implementation of transformational processes, taking into account the priorities of public choice. Therefore, for researchers of the evolutionary process of transformation — this is an infinite number of unsolved economic theory of problems.

The theory of public choice is one of the most important directions of neo-institutionalism, which involves the use of economic methods of analysis for the study of political processes.

The theory of public choice is based on the theory of individualistic choice, since public opinion is formed by separate actors in society based on their personal decisions and preferences.

Although, in our opinion, an important feature of the theory of public choice is how governments and contemporary politicians influence the population of their country through their election programs and propaganda. The less democratic a society, the greater this impact can be. At the same time, in dictatorial societies, society may mistakenly believe that the key decisions in the country and the actions of politicians depend on their choice. But in reality, such thoughts are false. Bright examples are the North Korea, the Russian Federation, North Ossetia, Transnistria, the Republic of Belarus, the Crimea, etc.

Equally relevant is the interest in "institutional inertia", which largely determines the pace of social change [7, p. 9].

In general, the categories of the theory of modern public choice in Ukrainian realities should be "political responsibility", "political passivity", "political activity", "political indifference", "social responsibility", "social activity", "social passivity (inertia)" and "social indifference" (Fig. 1).

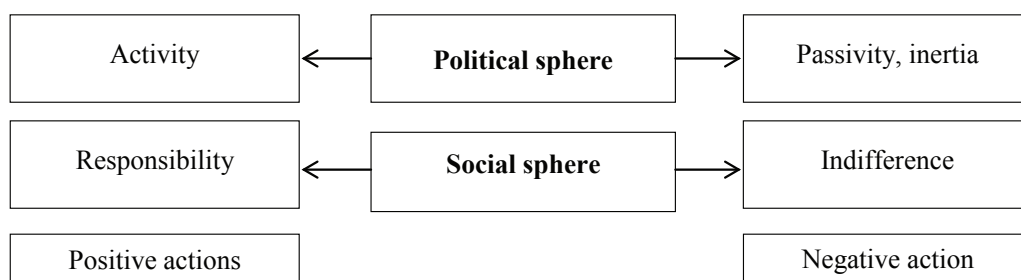


Fig. 1. Interaction of factors of positive and negative influence on the political and social sphere

Definition of political responsibility is connected, on the one hand, with the use of evaluative judgments, on the other — with the need for rational comprehension of the results of political activity. Ideally, politically responsible activity is the identity of the plans, the means of their implementation and the results obtained. It is possible to determine the main directions of violation of liability. First, it is populism, which manifests itself in declaring unrealistic plans and unfulfilled programs. Secondly, this is incompetence, which manifests itself in the inability to use effective methods of formation and implementation of policies. Thirdly, irresponsible policies are always ineffective and inadequate [8].

"Political passivity" (from the Latin *passivus* — passive, passive) — indifferent attitude to political life, to its problems, events, evasion from active political activity. Passivity in politics is determined by the low level of social, intellectual, psychological development of man; actions by the authorities to eliminate people from participating in politics; a deliberate rejection due to the negative attitude towards the political system, the disappointment of people in politics as a public sphere, the rejection of the lack of a connection between the realization of human interests and any form of political participation [9].

The category "political activity" (from the Latin *activus* — active) is one of the forms of social activity, the activity of social actors, which is aimed at influencing political decisions, realizing their interests [10, p. 22].

"Political indifference" is characterized by the fact that the concentration of people on their own problems, career, bohemian life or subculture (youth, religious, etc.), causing apathy, indifference to politics.

There are also so-called politicians alienated, that is, those who believe that politics is alienated from

them, regardless of whether they will participate in the vote, this will not affect the adoption of political decisions. Such people do not see any differences between political parties or candidates in elections. There are theories that such people can be easily drawn into various extremist movements under the influence of emotions, capable of ill-considered actions, and so on. [11].

"Social responsibility" is the term, which, on the one hand, means compliance with the requirements of social norms of social relations by subjects of social norms, and on the other, the duty of a person to observe norms reflecting the interests of social development, and in case of violation of them — the duty report to society and bear the punishment [12].

"Social passivity (inertness)" indicates the absence of social development of internal value motivation, conscious alienation regarding its own social potential, which makes a person or community socially passive and inert. So there is an easy controlled society [13].

"Social activity" is one of the characteristic features of the way of life of a social subject (personality, social group, historical community, society as a whole), which reflects the level of orientation of his abilities, knowledge, skills, aspirations, concentration of volitional, creative efforts on the realization of those or other needs, interests, goals, ideals [14].

"Social indifference" manifests itself in weakness, timidity, laziness, reluctance to assume responsibility for the decision, translation of duty or action (decision) to another — the main qualities that are inherent in the image of a typical citizen of a society characterized as socially inert [15].

In order to verify a certain hypothesis and to identify the relationship between the factors of positive and negative impact on the formation of the political and social sphere in society, a number of indicators are specified in *Table 1*.

Table 1

**Indicators selected to identify the connection between positive and negative factors that influence the formation of the political and social sphere in society**

Indicator	Components	Number of countries	Characteristic	Value
Democracy Index (ID)	Government Functioning (GF)	167	During the classification, 60 different indicators are taken into account, grouped in 5 categories: elections and pluralism, civil liberties, government activity, political engagement of the population and political culture.	If the country's ID is 8—10 points, then it is a country with a full-fledged democracy. For ID from 6 to 7.9 points — incomplete democracy. 4—5.9 points of points — transition mode. Less than 4 points are an authoritarian regime.
	Participation in political life (PPL)			
	Political culture (PC)			
	Civil Rights (CR)			

End of table 1

Indicator	Components	Number of countries	Characteristic	Value
Index of Political Rights (IPR)	Election process, political pluralism and participation, government activity	195	The right to participate in the establishment of a state system through democratic voting	From 1 to 7 points. The higher the value, the lower the political rights in the country
Social Progress Index (SPI)	Social and environmental indicators (52 individual indicators)	130	Evaluates the welfare of people and shows that high gross domestic product is not the only indicator of living standards in the country.	The higher value of the indicator testifies to the higher level of social progress in the country
Happiness index (HI)	Satisfaction with life, expected life expectancy and so-called "ecological footprint"	158	Displays the welfare of the people and the state of the environment in the different countries of the world that has been proposed by New Economics Foundation (NEF) in June 2006	The higher the value, the more happy the population
Human Development Index (HDI)	Expected life expectancy, literacy rate of the country's population, living standards, estimated through per capita GNI per PPS in US dollars	188	The integral indicator, calculated annually for interstate comparison and measuring of living standards, literacy, education and longevity, as the main characteristics of human potential of the study area	Very high (42 countries), high (43 countries), medium (42 countries) and low (42 countries) level

The determination of the relationships mentioned above, on the basis of correlation analysis and verification of the scientific hypothesis

on the basis of statistical data calculated on the basis of 130 countries, and author's work is given in *Table 2*.

Table 2

**Correlation matrix of the relationship between the factors of positive and negative influence on the formation of the political and social sphere in society**

	ID	GF	PPL	PC	CR	IPR	ISP	HI	HDI
ID	1,00	0,91	0,72	0,72	0,95	-0,89	0,73	0,66	0,70
GF	0,91	1,00	0,61	0,67	0,83	-0,77	0,70	0,65	0,70
PPL	0,72	0,61	1,00	0,59	0,64	-0,62	0,56	0,48	0,54
PC	0,72	0,67	0,59	1,00	0,57	-0,60	0,60	0,47	0,52
CR	0,95	0,83	0,64	0,57	1,00	-0,87	0,67	0,61	0,64
IPR	-0,89	-0,77	-0,62	-0,60	-0,87	1,00	-0,64	-0,56	-0,58
ISP	0,73	0,70	0,56	0,60	0,67	-0,64	1,00	0,73	0,87
HI	0,66	0,65	0,48	0,47	0,61	-0,56	0,73	1,00	0,78
HDI	0,70	0,70	0,54	0,52	0,64	-0,58	0,87	0,78	1,00

The calculations confirm the close relationship between politically conscious behavior and the level of quality of life, social progress, and the index of happiness in the country. A high level of satisfaction of needs is impossible without a responsible public choice. Just changing ourselves towards a more responsible attitude to political and social

responsibilities, we are changing the world around for the better. It is categorically unacceptable to think that only from my voice nothing depends.

In *fig. 2* shows the interaction between government bodies and citizens, through the mechanism of public choice and maximization of satisfaction of needs.

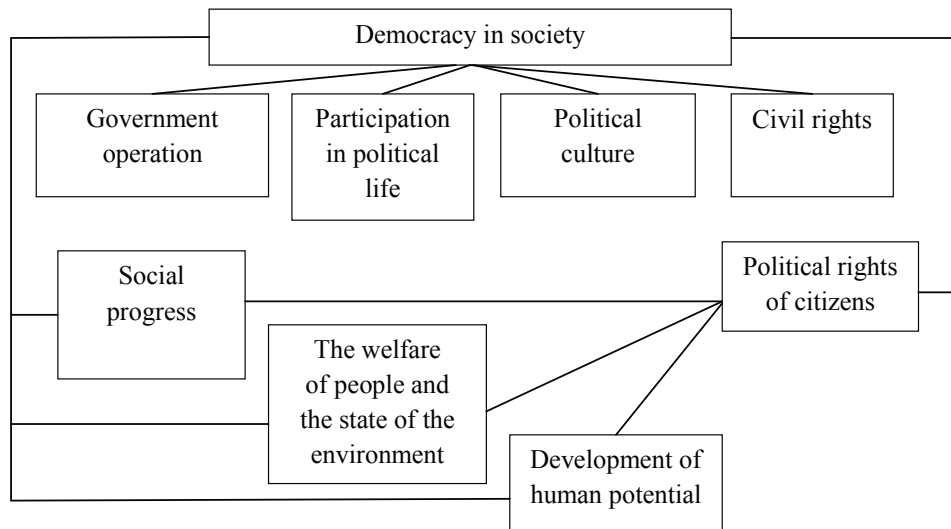


Fig. 2. The interaction of authorities and citizens, through the mechanism of public choice and maximization of satisfaction of needs

Thus, in the course of the research, which is based on the theory of public choice, there is a close relationship between a number of political, economic and social parameters that are reflected in the factors of conscious choice of people and the welfare they receive for this choice.

Prospects for further research are the deepening of theoretical and methodological developments and the provision of practical recommendations on the effective use of institutional factors that influence the development of the theory of public choice.

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