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# Expert Failure and The Intellectual Crisis of American Public Administration: How The “Fatal Conceit” Continues to Threaten Liberal Democracy

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Roger Koppl’s *Expert Failure* (2018) is an outstanding contribution to the epistemic turn in political economy. Koppl draws on the work of Peter Berger and Thomas Luckmann (1966) and F. A. Hayek (1945) to build an argument that subtly moves the discussion on expert knowledge from the incentive structure faced to the social epistemology under alternative institutional arrangements for public policy. In so doing, Koppl doesn’t reject either the idea that some actors through specialization earn the authority as “experts” or the idea that incentives play a significant role in any assessment of alternative institutional arrangements. But, his emphasis throughout is how this expert knowledge is both generated and utilized in society in the relationship between experts and citizens in a society of free and responsible individuals.

The book makes contributions at several levels: intellectual history with his discussion of the division of knowledge in society from Mandeville to Hayek; to public choice analysis of theory choice among experts; to market structure theory of the ecology of experts and the organization of inquiry. Simply stated the book is brilliant. And, he provides outstanding illustrative cases—most strikingly from the field of forensic science and criminal justice. But in all these cases the ecology of expertise is emphasized. Bottom line—a structure that relies on monopoly experts is bad for science and bad for society. The contestation provided by competition for ideas is critical for not only the effective use of knowledge, but its generation in the first place.

To give an outstanding parallel development consider the evolution of thought witnessed in the work of William Easterly. In his *Elusive Quest for Growth* (2002), Easterly must begin and end every chapter insisting that *incentive matter*, but by the time we get to *The Tyranny of Experts* (2014), he is emphasizing how bureaucrats from a distance not only do not have the knowledge to achieve the task before them, but

in their efforts they often violate fundamental democratic principles of governance. In both works, the incentive effects of institutional variation is never ignored, but in *The Tyranny of Experts* the problem of coordinating the division of knowledge in society is also explored. In Easterly’s *White Man’s Burden* (2006), he captures this problem in his discussion of the difference between the planners and the searchers. But from a social epistemic perspective, this use of terms demonstrates certain limitations to the analysis no matter how much progress in the discussion was made with these works—searchers don’t create new knowledge, they discover that which is already there. But unless certain institutions are in place, certain types of knowledge will not exist. It is not just more costly to discover and utilize knowledge dispersed throughout the economy when we rely on a central planner, the knowledge generated in a competitive market process about values, costs, and alternative uses simply does not come into existence unless within that context. The *knowledge problem* isn’t limited to the coordination of dispersed knowledge, but the contextual nature of our knowledge that is generated within specific institutional contexts is discovered by actors within that context, and gets utilized within that context to the benefit of various individuals comprising the society under investigation. (see Lavoie 1985a; 1985b; Boettke 2018b) So Koppl’s development of Hayek’s discussion of the division of knowledge in society (see p. 119ff) moves the conversation beyond the important insights to be gleaned by emphasizing the incentives to discover that which is in the actor’s interest to discover, and to the *epistemic* properties of alternative social ecologies of experts and their interactions with citizens. Koppl refers to his conception of knowledge as SELECT: synoecological, evolutionary, exosomatic, constitutive, and tacit. It is, as he says, a radically egalitarian view of knowledge that challenges all hierarchical models of knowledge

and the role of experts in public policy deliberations. In essence, Koppl is offering his readers a growth of knowledge perspective to the production and distribution of knowledge in society within a liberal democracy, as opposed to the technocratic view of evidence-based policy driven by scientific experts.

My purpose in this reflection on Koppl's *Expert Failure* is to document his connection to the work not only of Hayek and the Austrian School of Economics, but to the Virginia School of Economics (Buchanan) and the Bloomington School of Institutional Analysis (Ostroms), or to what I have termed Mainline Economics (see Boettke 2012; Boettke, et. al., 2016; Mitchell and Boettke 2017). This can be seen first through claims made in the respective Nobel lectures by Hayek (1974), Buchanan (1986) and Ostrom (2009), and second in the implications of this style of argument for the field of public administration. (see Ostrom 1973; Boettke 2018a; Aligica, Boettke and Tarko 2019) As Koppl (see p. 84ff) discusses, the entire subject of expertise raises fundamental issues for a functioning liberal democracy.

Both Vincent and Elinor Ostrom devoted considerable effort to developing a social science that was consistent with democratic governance. It is a priority of theirs that public policy within a liberal democratic society reflects a *governing with* rather than *governing over* view of the relationship between the citizen and the state and the policy expert employees of the state. This was not unique to them, though they perhaps stated the position as explicitly as anyone. But once their position is understood to be in essence the same one championed by earlier liberal theorists such as Frank Knight, then Knight's critique of Keynesian demand management policies as not only based on fallacious economic reasoning but fundamentally anti-democratic begins to make sense. (see Knight 1951; 1960)

In "The Pretense of Knowledge", Hayek (1974) argues that the alliance between statism and scientism has turned economic experts into not only potential tyrants over their fellow citizens, but destroyers of civilization. Buchanan begins his "The Constitution of Economic Policy" (1986) with a reminder to his readers that the core Wicksellian wisdom is that we economists must cease offering advice as if to a benevolent despot. And, in "Beyond Markets and States", E. Ostrom (2009) told her audience that social science advances and is relevant to understanding the fragility of democratic self-governance when assumptions of omniscience and benevolence is rejected. As E. Ostrom (1990, 215) stated the position: "The intellectual trap in relying entirely on models to provide the foundation for policy

analysis is that scholars then presume that they are omniscient observers able to comprehend the essentials of how complex, dynamic systems work by creating stylized descriptions of some aspects of those systems. With the *false confidence of presumed omniscience*, scholars feel perfectly comfortable in addressing proposals to governments that are conceived in their models as omniscient powers able to rectify the imperfections that exist in all field settings." (emphasis added)

This is, as she repeatedly stressed, a consequence of habits of thought that see the "the government" as presiding over the world, and social science thus conceived as an exercise in providing the tools and training so that the expert external to the system can provide the needed policy advice. This is decidedly non-democratic way of relating to one another. As Vincent Ostrom (1997, 3-4) argued in *The Meaning of Democracy and the Vulnerability of Democracies*: "How people conduct themselves as they directly relate to one another in the ordinary exigencies of life is much more fundamental to a democratic way of life than the principle of 'one person, one vote, majority rule.' Person to person, citizen to citizen relationships are what life in democratic societies is all about. Democratic ways of life turn on self-organizing and self-governing capabilities rather than presuming that something called 'the Government' governs."

Vincent Ostrom had earlier in *The Intellectual Crisis of American Public Administration* (1973, 5) argued that developing a social science that was consistent with a self-governing democratic society would require the next generation to lay the foundations for the study of public administration. "If these foundations are well laid," he argued, "we should see a new political science join a new economics and a new sociology in establishing the basis for a major new advance upon the frontiers of public administration." This would require a rejection of the progressive era development of bureaucratic administration and a reconstruction of the older idea of democratic administration but one consistent with the modern age. The theory envisioned would build on the innovative contributions of property rights economics, law-and-economics, public choice analysis of politics, and theory of private and public entrepreneurship. In short, the new theoretical foundations will be provided by the New Institutionalism that emerged in economics and political economy in the second half of the 20<sup>th</sup> century, but one that emphasizes the implications of that theory for seeing like a citizen and not seeing like a state.

Vincent Ostrom (1997, 114-116) argued that advances in the art and science of association follows from critically ex-

aming and striving to get “a better understanding of basic anomalies, social dilemmas, or paradoxes, rather than with applying a single abstract model of economic reasoning to nonmarket decision making. The latter concern becomes an exercise in the application of an orthodox mode of analysis in price theory; the former opens important new frontiers of inquiry.” He goes on and argues that the future of research must move to “the epistemic level of choice in the cultural and social sciences and to the constitution of the epistemic order with which we live and work.” This move cannot be made as long as we continue to work with models populated by actors who are perfectly informed and “operating in unitary States directed by a single Supreme Authority.” Instead, we “need to go back to basics to reconsider the human condition and what it means to be a human being relating to other human beings in the world in which they live.”

This means that we come to understand human societies as “networks of epistemic relationships” and the self-governing capacity of such networks turns on the systems of checks and balances that are in operation to ensure contestability. Contestability is a necessary condition for “the elucidation of information, the clarification of argumentation, and the quest for innovations to achieve conflict resolution.” (V. Ostrom 1997, 293) This is also where Koppl picks up in *Expert Failure*, as it is this institutional structure of contestation that must frame the expert dialogue and the relationship with non-experts in living in a liberal democratic society. Experts to Koppl (see p. 237) are unreliable, and non-experts could potentially be the sources of novelty and improvement. The knowledge assumptions in Koppl’s model between the theorist and the actors in the model are important to understand. In most economic models, for example, especially since Robert Lucas, the agents in the model are assumed to know what the theorist knows. But, in Koppl’s model (and in Hayek, Buchanan and Ostrom) the actors *in* the model are themselves the source of the creativity and cleverness. The theorist could never know that the actors in the model know, they are the architects of the solutions that solve the social dilemmas and realize gains from social cooperation and craft the rules that enable us to live better together. Elinor Ostrom (1990, 7) captured this insight in her explanation for what she thought was wrong with the traditional prisoners’ dilemma game as a central metaphor in public policy. The players are, as she puts it, prisoners, and thus unable by model construction to change the constraints imposed on them. She argues, instead, that she would rather focus on questions of how creative and

clever actors change the rules of the game to escape remorseless tragedies. This is a theme she would repeatedly stress, including in her Nobel lecture where she contrasts her approach to policy analysis with the more popular version of “nudging” by aid of incentives. To Ostrom, such a presumption on the part of the theorist to devise nudges is both questionable given the knowledge problems and the trickiness of incentive schemes, and fundamentally anti-democratic in terms of presuming that some can govern *over* others to the betterment of society.

As Koppl ends his book “Competition is likely to be beneficial only if the ecology of expertise has rivalry, synecological redundancy, and free entry.” Nodes of contestation must be built into the institutional design. And, when done right liberal democratic governance will “value expertise, but fear expert power.” (p. 237) *Expert Failure* is a brilliant contribution to the ongoing scholarly conversation that traces back to antiquity, found in economic theory formulation in the Scottish Enlightenment, and modern representation in the work of Hayek, and the development of modern political economy. We need to continually develop our understanding of the institutional weaknesses and fragilities of self-governing democratic society. We must constitute and reconstitute the societies where we govern *with* one another, rather than relying on experts to govern *over* us, and our social science at a methodological, analytical and social philosophical level must adjust and adapt its practice to be consistent with such a vision of the liberal democratic order, and the ways we relate to one another in citizen-to-citizen interactions. We are, after all, one another’s equals. None of us are privileged over others, and in politics none of us can legitimately claim to have access to *the* TRUTH. In a pluralistic vision of society, we focus our attention not on some fictional notion of a unitary State (i.e., stable social welfare function) but on the institutional instantiation of a system of governance that exhibits neither discrimination nor domination. Liberalism, as Koppl points out (see p. 227), supports competition as a means to eradicate privilege, and thus arbitrary and dangerous power relations in the private as well as the public sector. The liberalism Koppl is urging us to consider is *not* a project primarily concerned with recapturing some lost institutional configuration from the past, but a future oriented promise of a better world through institutional experimentation grounded in a radically egalitarian view of human knowledge. It is my sincere hope that Koppl’s work will excite the imagination and creative energies of a new generation of political economists to think seriously yet humbly about their primary responsi-

bilities as students of society and the role of public administration in a democratic society. Think—first do no harm—then go from there. Koppl’s discussion of social epistemics, the institutional weaknesses of expert rule, especially monopoly experts, and yet the embrace of reason and evidence in a vibrant scientific and scholarly world is to be applauded and more importantly picked up and worked with so we can better understand our practice of the organization of inquiry in a society of free and responsible individuals.

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