

# **GOVERNMENT AS ENTERPRISE**

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## **ABSTRACT**

It is customary to think of governments and privately-owned business firms as markedly distinct forms organization, structured differently and largely devoted to providing different kinds of goods and services. Indeed, academic study of governmental and private enterprise is assigned to different fields of social science, the first to political science and the second to economics. Or, more accurately, study of the organizational structure of government has been undertaken largely within political science, while study of the services provided by governments has been more the focus of economics. Perhaps as a result, we have only a rather patchy literature that explores the relationship between the organizational structure of governments and the services they produce, much less does so in a framework that encompasses non-governmental organizations as well.

We seek here to offer such an analytic framework, rooted in economic analysis, and to deploy that framework to provide an integrated view of the role and structure of government. We focus primarily on local governments, and particularly on special-purpose governments, whose importance is growing rapidly relative to that of general-purpose governments such as municipalities. We offer a general definition – strangely lacking in the literature – of the type of organization termed a “government.” In functional terms, we view (democratic) governments as, in essence, territorial consumer cooperatives that arise as a response to local monopoly. We explore and seek to explain basic elements in the evolution of the law and structure of local government since the 19<sup>th</sup> century. And we explore the future prospects for forming governments that are not territorially based.