

Zhou Lianshi

Public administration skill: integration of two policy theories

1. The source of two theories. In the 21st century B.C Mesopotamia laws appeared as the first record of the human public policy. Those were the earliest public policies in broad sense for ancient times [1]. After human beings had experienced for a long time, till 1950s, the theory of modern policy sciences came to its prosperous development period.

There are two sources of the current policy theory: the policy science based on politics and economic policy science based on economics. An important source of policy theory is the revolution of economics. The world economic crises in 1930s gave rise to an important economics revolution. Keynes, the British economist, demonstrated the shortcomings of the traditional free competition market economy and put forward the economic theory of government intervention in the market economy. President F.D. Roosevelt accepted Keynesian theory and implemented the «New Deal» policy that had a positive effect on the alleviation of economic crises. «The Keynesian revolution» thus appeared in Western economics. Quite a number of economic schools in favor of government intervention cropped up and they put forward various economic policies of government intervention in the economy. At the beginning, these policy theories were diversified. The Dutch economist Tinbergen aggregated the viewpoints of different schools and concentrated on the study of rules of government economic policies, especially he introduced the methodology of econometrics. In 1950, he established economic science [2] and since then it has become an independent subject specializing on the study of economic policies.

Another source of policy theory comes from policy science. The great depression in 1930s led not only to a revolution in economy, but to a political revolution as well. Facing the increasing deteriorated political and economic situation, President F.D. Roosevelt, as a politician, decisively adopted Keynesian policies and obtained positive result. The situation that officials and scholars were not related was broken through. A wave of studies on policies among political circle and business circle surged. Quite a number of scholars thought that politics needed to study the relationship between the political environment and the respective countries. More important, it should focus on the study of government policies and scientific decision-making process. Hence, a revolution in politics took place. In 1950, *Policy Sciences* written by Lesswell and Lerner was published, which turned to study the rules of government policies, that is, to study the stipulation, implementation, supervision and evaluation process of policies as an independent science. Thus policy science was separated from politics and became an independent science.

2. Comparison of the two policy theories. There are similarities in the two policy theories and also differences in their characteristics, theoretical systems, research methods and curriculum arrangements of the two subjects.

In the similarities, the research objects of the two theories are all about the rules of government policy-making. Economic policy concerns the economic policy rules investigated by the government while policy science studies the general policy rules investigated by the government. However, the latter's research scope is enlarged from economy policies to public policies in education, national defense, diplomacy, ethnic, etc. There are common principles and scope of research such as the policy target contradictions, the boundary conditions of policy instruments, etc. They were all introduced in the 1950s which had common bases for the two theories. The reason was that after the World War Two, the governments increasingly intervened in social economic affairs. And both politics and economics produced policy theories respectively to meet the need of government administration.

There are differences of the two policy theories.

1) The difference in the nature of the two subjects. The economic policy science is the general policy rules based on the development of various economic schools and it belongs to economics. Although many of its principles apply to general policies, it has many features of economics. For example, its policy objects are mainly economic growth, full employment and so on. And policy means are inclined to monetary financial policies and fiscal policies.

The policy model is basically the economic policy model such as fiscal policy model, monetary policy model and exchange rate model, etc. The policy science stemmed from the revolution of politics, the basis of which is politics [3, p.15]. Different from economic policies, policy science takes various social needs and public social problems as research objects which also involve economic objects. But most of them are non-economic objects including national defense, hygiene, leisure time, public security and so on with research scope far beyond the scope of economic policies.

2) Different theoretical system. The theoretical system of policy science is characterized by policy-making, policy analysis, policy effects and policy evaluation. When policy science develops to public policy analysis subject, it forms an analysis chain toward the steps in the public policy-making process, that is, problem formation, scheme forecast, policy adoption, policy supervision, and policy evaluation, with which as the main strains, *Public Policy Analysis: An Introduction* written by William N. Dunn fully elaborates the theories.

While economic policy science takes the three major factors in economic policies (economic policy object, economic policy means and the main bodies of economic policy) as well as their coordinating principles as theoretical system. In view of the diversified object contradictions in the western countries, Tinbergen put forward a fixed object method to coordinate the contradictions. Later, other economists put forward a mobile object method to supplement the viewpoints of Tinbergen. This principle has a great application value in practices and it involves a series of policy principles in policy means. Among them, the most important principle is the restrictive role of the boundary conditions of the policy instrument toward policy object. He believes when the government applies a policy instrument which exceeds the maximum value of the policy instrument, it will arouse huge economic losses caused by decreasing wage level and high tax rates. In the area of the main bodies of policy, he found that the policy contradictions caused by different levels of policy-making bodies will have direct effect on policy making and its implementation. And he also put forward the principle of coordination with centralized and decentralized policies. These contradictions in policy factors are many and often difficult to deal with in government's public administration. Tinbergen's economic policy theory has made up for the shortcomings of policy science.

3) Differences in the research method of the two theories. Policy science was formed in the 1950s, so it was greatly influenced by system, information and control theories in philosophy. The combination of qualitative and quantitative analyses is the main feature of the theoretical systems such as brain storm, Delphi method and so on. While in economic policy science, the most obvious difference from policy science is the application of econometrics, through which a logic relation between policy object and policy instrument is established by policy model. This is another important contribution made by Tinbergen to the theory of policy science.

3. The integral tendency of the two policy theories. With the enlargement and the demand for the government's public policy intervention, there is a tendency of supplementary integration of the two theories which greatly enriches and improves the policy theory. This offers a theoretical guidance for the governments in scientifically stipulating policies.

1) The enrichment and development of economic policy theory to policy science. As a new science though rapidly developed, the policy science lacks a lot in the aspect of policy making and analysis method. The famous public policy analyzer, William N. Dunn, had very

(2) The study of the three big factors and relative rules influencing policies. The theoretical system of policy science is a whole process study of policies. But it has not made especial elaboration and analysis about the composing factors of the policies, that is, the policy object, policy means and the main bodies of policies. Not only this influences the rationality of the theoretical system itself, but it also has an unfavorable effect on the study of rules of policy factors.

In economic policy science, the relative principles involving the three big factors are object systemization, the boundary condition of policy instrument, centralization and decentralization principles. It is the research on the stages of the whole process of policy making and analysis.

Let us take policy objectives as an example. According to object systemization, a modern government searches for the diversification of the objects. Therefore we must adopt the fixed-object method and the tactical-object method to erase the incompatibility between the objects to systemize them. This principal elaborates the particular rules of policy objects as a policy major factor. It needs not only a special research focus, but also a continuous study through the total process of policy-making and analysis, rather than remaining with the only one stage of policy.

For example, in the first stage of policy process when the agenda of economic growth policy is determined, we need to analyze and deal with the efficiency and object contradiction of social equality first. Otherwise, the object contradiction will be enlarged after the implementation of the policies which will give rise to social disturbances.

(3) The economic policies constitute the main part of public policies. The realization of every object in public policies depends mostly on policy instrument. For example, the realization of environmental protection policy depends on punishment taxation or free tax policies. If public policy-makers are hardly or not quite familiar with these economic policy instruments, they would have many more difficulties than expected in the following processes. Otherwise, on the contrary, it would be far easier for them to handle with the problems appearing during the public policy process. After all, the economic policy ameliorates and develops the policy science.

2) The biggest feature and contribution of economic policy science is the research on the rules of policy factors. But the factor analysis cannot guarantee the correctness and effective implementation of policies. We still need to study the rules of the different stages in the whole process of policy making. This is the weakness of economic policy science.

The analysis of the first stage policy agenda in the whole process is of major importance. A large amount of policy errors often comes from the solution to the wrong problem, not the adoption of a wrong solution. This is the so called E_{III} put forward by Howard Raiffa, a theoretician of decision-making. There is the same error in economic policies. For example, there are several arguments in China about interest rate increase policies (whether it should enter the agenda immediately or later or even not enter the agenda altogether). Another example is the Chinese exchange rate policy (whether we should appreciate the exchange rate and how much the total appreciation is at the first stage of the agenda in economic policy process). Their correctness not only influences the correctness of the following policies but also the economic stability of the national economy as well as domestic economic, financial and political securities.

As said by a scholar, in order to realize the government object, «the function of the determination of the scheme accounts for 10%, while 90% depends on the effective implementation.» In the process of Chinese urbanization, the important policy is the subsidy policy to the peasants whose land is levied. But owing to the wrong implementation and weak supervision, the interest of peasants has been impaired. Normally we use several methods that

the economic policy theory system lacks, such as social accounting system analysis, social experiments, social accounting, integral cases analysis and so on. Without supervising, economic policies cannot be really carried out and bring out social and economic profits as expected. So supervision and monitoring are very important in the process of economic policy analyses. Therefore, economic policy science should be enriched by policy science.

The evaluation of the policy process indicates the analysis of the effectiveness from the application of policy to achieve the expected objects by means of some value rulers and the truth. Analyzers verify all the feed-back information from the policy effects and analyze the value distribution and background situation as well as the possibility of modification or reformation.

In Tinbergen's system, the evaluations of effectiveness and time-effectiveness are far too simple and not so precise. Policy science has thought a series of methods to evaluate the policy, like pseudo-evaluation, formal evaluation and decision-making theory evaluation. The last one has a special importance for the economic policy analyzing. Since behind any economic policy there is a balance of profits between the interest group and the public, which is the main reference to evaluate the effectiveness of policy objects. One of them, multi-attribute effects analysis, manages to pull out on purpose the different value judgments from each interest relative in terms of their opinions on the possibility and importance of the policy, then analyzes in balance the conflicts between the relevant interest persons.

Here is an equation of a global evaluation effect for a certain project: $U_i = \sum w_j u_{ij}$ (U_i =the j^{th} global effect, w_j =the standard score of this project's importance, u_{ij} =the standard score of this project's possibility)

This analysis reveals most directly the conflicts between different interest relatives so that the information obtained about the profit equalization could be relatively objective and fair. It enables to evaluate the effectiveness of the economic policy in the aspect of achieving the government's objectives. In the science of economic policy, Tinbergen had explained the influence of the interest groups, particularly the pressure groups, on policy making. However, he did not find any effective method to expose the contradictory conflicts and the affects of this policy on realizing the value principle after coordinating the paradox between the interest groups.

References:

- [1] *William N. Dunn*. Public Policy Analysis: An Introduction, Chinese version translated by XIE Ming etc. Beijing: China Renmin University Press, 2002.
- [2] *Tinbergen J*. Economic Policy: Principles and Design. Chinese version translated by ZHANG Youwen, preface. Beijing: Commercial Publishing House, 1988.
- [3] *DIAO Tianding et al*. Policy Sciences. Beijing: China Statistics Press, 2000.
- [4] *William N. Dunn*. Public Policy Analysis: An Introduction. Chinese version translated by XIE Ming etc. Beijing: China People University Press, 2002.
- [5] *Tinbergen J*. Economic Policy: Principles and Design. Amsterdam: North-Holland Publishing Company, 1956.