Transaction costs perspective analysis of citizen participation policy

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Abstract—Citizen participation in governance has become increasingly important and citizen participation in public policy process is citizen participation in governance of the concentrated expression. Since the policy of the government and citizens to participate in good, then why in reality the government and citizens will be a "dilemma" of the situation? One important reason is the existence of transaction costs. Articles from transaction cost economics point of view, the policy of citizens involved in the transaction by building models, analysis of what is obtained in the internal market transactions or in the external market place, depends crucially on the size of transactions. Transaction costs in the public policy activities, widespread and can not disappear, but it can be controlled and reduced. Articles based on the model and proposed to build a sound system of citizen participation, actively nurture and develop "intermediary organizations" on the policy. Segment in the market for policy, and increase ease in asset-specific investment policy and other policy recommendations.(Abstract)

Keywords—government; citizen participation; public policy; transaction costs

I. INTRODUCTION

Citizen participation in public policy issues important practical issues of concern in the current government and academia. Public policy has a dual property, both government and the market economy, with the separation of government and enterprises, government and society, social diversification of autonomy, the role of government in the public policy process also quietly changed, citizen participation in public policy process to become an inevitable option. As a public policy "production" costs, market activity in the economic field, you can use the transaction cost theory analysis, the same transaction costs in political activities is also wide spread. At present, most Chinese scholars from political science or management theory analysis of the reason ableness and necessity of the public policy citizen participation on, many participate in ways and means; lack of research but the transaction costs for citizens to participate in public policy issues, why the Government and citizens Policy Participation is often misunderstanding and bias, and even lead to civic policy to participate in a "phantom"?

II. TRANSACTION COSTS AND CITIZEN POLICY PARTICIPATION

A. Transaction costs exist in reality Citizen Policy Participation

Citizen participation in public policy formulation, implementation, evaluation and exit the course of this series are a large number of transaction costs, as in the economic sphere, no friction "zero transaction costs," the world as positive transaction costs in the political sphere often unrealistic is "normal", along with even more efficient than the economic field loss. Political transaction costs is consuming resources in the exchange of rights in the political market. Informaton asymmetry, opportunism and asset specificity leads to the generation of political transaction costs[1].

In the new institutional economics, enterprise exists is because of the quality and effectiveness of the policy in each stage of the transaction costs vary widely; Explicit and implicit transaction costs vary widely; the quality and effectiveness of the policy in each stage of the transaction costs, an economic field loss. Political transaction costs is consuming resources in the exchange of rights in the political market. Informaton asymmetry, opportunism and asset specificity leads to the generation of political transaction costs[1]. Williamson believes that the existence of transaction costs depends on three factors: the restricted rational thinking, opportunism and asset specificity. Transaction costs and no party has a monopoly of violence in the real world, the political and economic decision-making will inevitably interrelated. The transaction costs of citizen participation in the public policy process, from the point of view can be divided into the cost of government costs and civil government to attract and organize citizen participation to pay administrative costs, while the citizens have to pay the necessary costs of participation, including the cost of learning time costs, negotiating costs and opportunistic costs, etc.; From the stage of policy participation can be divided into participation in policy-making costs and participation in policy implementation, the amendment, the cost of monitoring and evaluation, citizen participation in the public policy process at every stage of the transaction costs, and because of the quality and effectiveness of the policy in each stage of the transaction costs vary widely; Explicit and implicit transaction costs and no party has a monopoly of violence in the real world, the political and economic decision-making will inevitably interrelated.
implicit costs can be divided into from the the available obse rvableational point of view of the transaction costs, some of th e citizens to participate in the transaction costs caused direct ly involved comparing apparent, easy to observe and measur e, and some citizens to participate in the transaction costs ar e indirectly produce relevant policy interests of the impact i s not timely show but recessive.

B. Transaction costs under different governance philosophy

Citizen Policy Participation

Control type governance thinking, transaction costs, an d the participation of citizens policy is contradictory, mutual restraint. The high efficiency of modern administrative requ irements of public policy, public administration, public req uirements policy process of democratization and transparenc y. Control-oriented government seems to exclude citizen par ticipation in government independent formulate policies will be time-consuming shorter, lower cost, higher efficiency. Th e breadth and depth of citizen participation may make the g overnment administrative costs and participation to some ex tent proportional to the rising cost. This stage, citizen partici pation enthusiasm generally not high, government to seek a high support rate policy, must take into account the attitude and with the extent of the citizens. High support rate polic y brought the government cost to use a lot of persuasion to c onvince the citizens to participate in the policy process, th e government and citizens of the negotiation process involve s negotiations and opportunity costs. We support rate of acc eptance of the policy, the higher the rate of support, the high er the degree of recognition of the policy, on the contrary, th e low level of acceptance of the policy, can not be effectivel y implemented. Thus, we can see that the lower support rat e, the smaller the transaction costs; Conversely, you need a l arger transaction costs. Cost increase means that the reductio n of administrative efficiency. Practice has proved that citi zen participation in the West, "citizen participation directly affects the efficiency and quality of public decision-making and public policy." Any one policy is quality consideratio ns, such as technical constraints, regulatory constraints, secur ity constraints, budget constraints, especially for those who need the expertise and technology policy, civic participation may lead to standards and constraints are ignored, so the eff iciency and quality of the policy suffered huge losses. In add ition, citizen participation will block reform and innovation. The breadth of citizen participation has also increased the po ssibility of the the vetoed reform program or forcing compro mise, broad participation of citizens, may hinder the develop ment and implementation of the policy of reform-style, whic h may lead to the society before the stoppage, the lack of vit ality. From this point of view, it seems that the citizens' par ticipation in public policy will affect administrative efficien cy, then the citizens to participate in public policy will beco me meaningless.

However, under the governance concept in service-orie nted government, transaction costs and citizenship policy pa rticipation can be mutually reinforcing. Traditional governm ent management thinking, ignoring the independent policie s of the government due to the lack of public support, and le ad society in favor of low, then the policy will be resisted i n the execution process, ineffective, resulting in transaction costs by society as a whole, social welfare losses; policy pro cess will be to rethink this new policy process will lead t o a series of rising cost, the so-called "chop and change "pol icies, under the measures "is a true portrayal of the phenome non. Actual political life, people tend to fall into a vicious ci rcle: the passive citizen participation, the more the pursuit o f citizen participation, pay higher transaction costs, administr ative efficiency will be getting lower and lower, which in tu rn prompted the government increasingly seeking one-way d ecision-making, which in turn exacerbate the low administra tive efficiency, so that people will naturally inefficient attrib uted to too many. Citizen support is a prerequisite for effecti ve implementation of the policy. The degree of policy suppo rt directly determine the effect of policy implementation, ine fficient hinder citizen participation "excuse" or that citizen p articipation is not thorough enough citizens to participate. In ceasingly proactive political participation of citizens in th e governance of service oriented and usually, the governmen t no longer needs to provide the additional cost of participati on. At the same time, the government also will depend on ci tizen participation as a matter of course, the transaction cost s will be greatly reduced. Because of the broad participatio n of the citizens, the time spent in the process of policy form ulation or execution will greatly reduce the opportunity cost s also dropped significantly, citizen support of the policy rat e continues to increase, the government will no longer need to repeat the policy process. In this case, the citizens to parti cipate more and more widely, participate in an orderly scien tific increasing government will become easier in the gras p of public opinion, this will not bring about the increase i n transaction costs, but significantly increase the Governm ent's administrative efficiency. In a service-oriented governm ent, all government actions and civil behavior becomes obse rvable opportunistic behavior is greatly reduced, the will of t he citizens are more easy to grasp. Policy objectives is beco ming clearer, the policy participation also will be more conv enient and science, the government no longer worry about tr ansaction costs. Therefore, more citizen participation in th e public policy process, the higher the rate of policy support t, but gradually reduce transaction costs.

III. INEFFECTIVE POLICY PARTICIPATION OF OUR CITIZENS

A. System lags behind

In the Perspective of New Institutional Economics, the i mpact of the system on the socio-economic and political, the ever-present, everywhere. The system specification is missi ng, cause of Citizen Policy Participation disorderly and ineff icient, high transaction costs. China has such "Petition Regu lations", “Open Government Information Regulations of th e People's Republic of China "and other laws and regulation s to protect the citizens' right to know the provisions of the r
ight to participate, but is still only in specialized legal terms of some of the provisions, is still missing specialized laws and regulations to protect citizens' participation. With economic development, Citizen Policy Participation demand is growing, and our encouragement and protection of citizens to participate in the construction of rules and regulations is indeed serious lag Citizen Policy Participation rattling around like headless flies not only affect the participation performance, and increased transaction costs.

B. Development of social groups, such as "intermediary organizations"

Previous analysis, we will participate in the market policy is divided into Government of the internal market and the external market of the citizens, and the policy process is what to resolve the internal market or through external market solution depends entirely on the citizens to participate in the deal size. The introduction of a public policy will involve the adjustment of interests, our attention must be paid to the "voice" of interest groups. These needs through intermediary organizations to play a role ordinary individual citizen views on policy issues is often fragmented, one-sided, and a variety of intermediary organizations often effective citizens' personal opinions into consistent, clear organization views, and with the power of "intermediary organizations" to send a clear interest demands to government departments. China's citizen participation is often manifested between government and citizens directly to the game, the lack of "middle market" transition, they often result in citizen participation scale difficult to control, the government as finite rational people often consider from a cost-benefit point of view, led to the Government subjective tends boycott or restrict citizen participation. Seriously lagging behind the development of independent civil society in China, many civil society groups attached to governmental organizations, difficult to independently express their views, not high degree of trust in the citizens, civic policy involved in the transaction size is difficult to control, high transaction costs, leading to the government not to participate "internal" serious tendency, so that the citizens of policy involvement often a mere formality.

C. Bounded rationality and opportunistic behavior Citizen Policy Participation costs

Government and citizen cooperation, limited rationality and opportunistic behavior greatly increased the transaction costs of policy participation of citizens. Government policy y-makers is not possible to accurately predict and determine the various possible changes, therefore the current policy program has a certain degree of incompleteness. Policy processes exist prior conflict of interests (preferences and constraints before policy makers inconsistent) and after the conflict of interest (the policy has led to the pattern of distribution of benefits generated distributive conflicts of interest), prior inconsistent can negotiate to form a consensus, but after the conflict is difficult to pass solve beforehand, the participants re cognized that it may not fully beforehand commitments, leading space for future breach. Therefore, the ex post opportunism is not only the distribution of wealth, but also a loss of efficiency. Bounded rationality and opportunistic behavior or greatly increased the complexity of Citizen Policy Participation led to greatly improve the transaction costs.

D. Unsound policy market

General product market for different products take different trading ways and means to reduce transaction costs, the same public policy public product attributes, different policies "product" market, to take a different participation ways and means, and also conducive reduce the transaction costs of policy participation. At present, China's policy market is not perfect, is typical of the government-led policy market, the citizens of the government-led governance policies involved in the allocation of resources, often resulting in inefficient allocation of resources, rising costs, "supply and demand" prominent. Government policy participation tend to be broken down because of bounded rationality and opportunism, not policy market and provide a participatory approach, a single pathway. So prone to the two extreme cases, or the lack of participation, a mere formal; either involved in large scale involved in disorderly confusion expensive transaction costs, both cases will eventually lead to the Citizen Policy Participation inefficient, resulting in a "lose-lose" situation.

E. Lack of government investment

The theory of transaction cost economics, asset specificity is an important factor in the transaction costs. Enterprise product market prior specific assets investment may produce a bilateral monopoly cause opportunistic behavior after the fact "rip-off". By the preceding analysis, the degree of participation of the policy depends on the size of the transaction and the transaction costs. Certain specific assets help to reduce transaction costs, create economies of scale. Dedicated to more assets will increase uncertainty, because the observation becomes difficult, but the view of Citizen Participation, Citizen Policy Participation dedicated inputs are not high but too little, leading citizens of policy involved in the enthusiasm is not high, the effect is not good, mainly due to: firstly, the government attract participation commitment not credible. Policies involved in the investment in dedicated assets less citizen participation is temporary, just going through the motions, and thus are not enthusiastic; participate in a single channel instability, leading to high cost of participation.

IV. ENHANCE CITIZENS' POLICY TO PARTICIPATE IN THE PERFORMANCE OF POLICY RECOMMENDATIONS

A. The perfect citizen participation system construction

China must vigorously sound system of citizen participation in security system, enable citizens to participate in the rule-based, lower the cost of the policy involved in the negotiations. We can carry out system construction from the following aspects: first, to improve laws and regulations. There fore, China should establish a special citizens to participate i
n the laws and regulations of specific provisions on the scop e of citizen participation, approaches, organizational method s and responsible departments, so that the government and t he citizens are rules to avoid unnecessary efficiency loss, re duce transaction costs. Second, to strengthen the supervisio n system of the policy process. Policy participation of citize ns is not only reflected in the formulation of public policy, r eflected in the process of policy implementation, adjustmen t, monitoring, and evaluation of a series of citizens' participa tion in this series in the policy process must rely on a compr ehensive monitoring system to achieve. The government mu st speed up the establishment of an effective monitoring syst em, easy to find problems, information published to provide services for citizen participation, so that the flow of informa tion and timely response. Government supervision system pl ays a role in providing policy information, save citizen's infor mation discovery and search costs, help increase citizen part icipation enthusiasm and initiative.

B. “Intermediary organizations” actively nurture and de velop the construction of the citizens to participate in the “middle market”

Government should change their concepts, and actively nurture and development of intermediary organizations, inc luding civil society, non-governmental organizations (NGO s), community-based organizations, and interest groups. Soc iety participation in essence is the mode of a group involved in the policy process[7]. “Intermediary organizations” with a certain scale political deal, it will become a channel of com munication between the government and citizens and bridge, citizens of different interest demands can be expressed in di fferent "intermediary organizations", the formation of a polit ical deal with the "middle market" in the middle of the marke t stakeholders will the game, and in the process the governm ent can save a lot of negotiating costs, time costs, and opport unity costs, and so on, so that the citizen Policy Participatio n transaction size dispersed in various middle market, which help control the over all size of the transaction, to avoid citi zen participation Chief "internal", and also help to reduce th e transaction costs to improve civic policy involved in the p erformance, government and citizens to achieve a "win-win". 

C. Transparent policy process information, and to prevent op portunistic behavior

Through the policy of former citizens to participate in th e analysis of the market model, we can see how in transactio n costs is the real world, the government of the participation of civil policy administration "internal" tendencies, but th e government and citizen cooperation is still possible. Mini mum degree of voluntary cooperation in the social life is no t, 100% of the dictatorship, that completely dominant social costs are too high[8]. Effective social cooperation is possibl e, because people will gain experience from the real worl d, more people will realize that they have common interest s, cooperative behavior is also reciprocal[9]. Trading marke t in terms of policy, in the face of opportunistic behavior, th e best preventive measure is to increase the transparency of t he policy process, full disclosure of information to the partie s to the transaction, so that information symmetry. In the cas e of asymmetric information (i.e., the negotiating parties wit h private information), the result of inefficient will appear. (Kreps,1990)[10]. The purpose of the market is effective or ganizational transactions, but if the parties to the transactio n is a lack of good faith, to hide information, it will make th e transactions costs are very high maintenance and sanctions, and thus will result in the loss of opportunities for cooperati on, market inefficiencies. Citizen Policy Participation must ensure that the whole process of open and transparent infor mation to prevent opportunistic behavior.

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REFERENCES


