

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 in asset-specific investment policy and other policy recommendations.(Abstract)

Keywords-government; citizen participation; public policy; transaction costs (*key words*)

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 implemented a means of public administration, government services products - public goods. Under the conditions of market economy, with the separation of government and enterprises, government and the market, 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 reasonableness and necessity of the public policy citizen participation, 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. Information asymmetry, opportunism and asset specificity leads to the generation of political transaction costs^[1].

In the new institutional economics, enterprise exists is because use in between the market and the enterprise, companies can reduce transaction costs. Coase, in its nature, "a book on the analysis of the nature of the business, the nature of the enterprise is the alternative markets in order to save transaction costs, to build a bridge between the enterprise and the market. Coase argued, created the company to become profitable the main reason seems to be that: there is the cost of using the price mechanism. "This cost can be summed up as many factors: (a) found that the cost of the price, and (b) to negotiate and conclude contracts costs^[2]. Williamson believes that the existence of transaction costs depends on three factors: the restricted rational thinking, opportunism and asset specificity^[3]. Transaction costs and no party has a monopoly of violence in the real world, the political and economic decision-making will inevitably interrelated^[4]. The transaction costs of citizen participation in the public policy process, from the main 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 opportunity 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 i

Implicit costs can be divided into from the the available observational point of view of the transaction costs, some of the citizens to participate in the transaction costs caused directly involved comparing apparent, easy to observe and measure, and some citizens to participate in the transaction costs are indirectly produce relevant policy interests of the impact is not timely show but recessive.

B.Transactioncosts under different governance philosophy Citizen Policy Participation

Control type governance thinking, transaction costs, and the participation of citizens policy is contradictory, mutual restraint. The high efficiency of modern administrative requirements of public policy, public administration, public requirements policy process of democratization and transparency. Control-oriented government seems to exclude citizen participation in government independent formulate policies will be time-consuming shorter, lower cost, higher efficiency. The breadth and depth of citizen participation may make the government administrative costs and participation to some extent proportional to the rising cost. This stage, citizen participation 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 policy brought the government cost to use a lot of persuasion to convince the citizens to participate in the policy process, the government and citizens of the negotiation process involve negotiations and opportunity costs. We support rate of acceptance of the policy, the higher the rate of support, the higher the degree of recognition of the policy, on the contrary, the low level of acceptance of the policy, can not be effectively implemented. Thus, we can see that the lower support rate, the smaller the transaction costs; Conversely, you need a larger transaction costs. Cost increase means that the reduction of administrative efficiency. Practice has proved that citizen participation in the West, "citizen participation directly affects the efficiency and quality of public decision-making and public policy." Any one policy is quality considerations, such as technical constraints, regulatory constraints, security 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 efficiency and quality of the policy suffered huge losses. In addition, citizen participation will block reform and innovation. The breadth of citizen participation has also increased the possibility of the the vetoed reform program or forcing compromise, broad participation of citizens, may hinder the development and implementation of the policy of reform-style, which may lead to the society before the stoppage, the lack of vitality^[5]. From this point of view, it seems that the citizens' participation in public policy will affect administrative efficiency, then the citizens to participate in public policy will become meaningless.

However, under the governance concept in service-oriented government, transaction costs and citizenship policy participation can be mutually reinforcing. Traditional governm

ent management thinking, ignoring the independent policies of the government due to the lack of public support, and lead society in favor of low, then the policy will be resisted in the execution process, ineffective, resulting in transaction costs by society as a whole, social welfare losses; policy process will be to rethink this new policy process will lead to a series of rising cost, the so-called "chop and change" policies, under the measures "is a true portrayal of the phenomenon. Actual political life, people tend to fall into a vicious circle: the passive citizen participation, the more the pursuit of citizen participation, pay higher transaction costs, administrative efficiency will be getting lower and lower, which in turn prompted the government increasingly seeking one-way decision-making, which in turn exacerbate the low administrative efficiency, so that people will naturally inefficient attributed to too many. Citizen support is a prerequisite for effective implementation of the policy. The degree of policy support directly determine the effect of policy implementation, inefficient hinder citizen participation "excuse" or that citizen participation is not thorough enough citizens to participate. Increasingly proactive political participation of citizens in the governance of service oriented and usually, the government no longer needs to provide the additional cost of participation. At the same time, the government also will depend on citizen participation as a matter of course, the transaction costs will be greatly reduced. Because of the broad participation of the citizens, the time spent in the process of policy formulation or execution will greatly reduce the opportunity costs also dropped significantly, citizen support of the policy rate continues to increase, the government will no longer need to repeat the policy process. In this case, the citizens to participate more and more widely, participate in an orderly scientific increasing government will become easier in the grasp of public opinion, this will not bring about the increase in transaction costs, but significantly increase the Government's administrative efficiency. In a service-oriented government, all government actions and civil behavior becomes observable opportunistic behavior is greatly reduced, the will of the citizens are more easy to grasp. Policy objectives is becoming clearer, the policy participation also will be more convenient and science, the government no longer worry about transaction costs. Therefore, more citizen participation in the public policy process, the higher the rate of policy support, but gradually reduce transaction costs.

III. INEFFICIENT POLICY PARTICIPATION OF OUR CITIZENS

A. System lags behind

In the Perspective of New Institutional Economics, the impact of the system on the socio-economic and political, the ever-present, everywhere. The system specification is missing, cause of Citizen Policy Participation disorderly and inefficient, high transaction costs. China has such "Petition Regulations", "Open Government Information Regulations of the People's Republic of China" and other laws and regulations to protect the citizens' right to know the provisions of the r

right 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 is 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 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 policy 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-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 process 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 passsolve beforehand, the participants recognized that it may not fully beforehand commitments, leaving

space for future breach^[5]. Therefore, the ex post opportunism is not only the distribution of wealth, but also a loss of efficiency^[6]. Bounded rationality and opportunistic behavior greatly increased the complexity of Citizen Policy Participation led to greatly improve the transaction costs.

D. Unsound policy market

General product markets 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, but 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 formality; 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 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: first, 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, to 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. Therefore, China should establish a special citizens to participate in

n the laws and regulations of specific provisions on the scope of citizen participation, approaches, organizational methods and responsible departments, so that the government and the citizens are rules to avoid unnecessary efficiency loss, reduce transaction costs. Second, to strengthen the supervision system of the policy process. Policy participation of citizens is not only reflected in the formulation of public policy, reflected in the process of policy implementation, adjustment, monitoring, and evaluation of a series of citizens' participation in this series in the policy process must rely on a comprehensive monitoring system to achieve. The government must speed up the establishment of an effective monitoring system, easy to find problems, information published to provide services for citizen participation, so that the flow of information and timely response. Government supervision system play a role in providing policy information, save citizen's information discovery and search costs, help increase citizen participation enthusiasm and initiative.

B. "Intermediary organizations" actively nurture and develop the construction of the citizens to participate in the "middle market"

Government should change their concepts, and actively nurture and development of intermediary organizations, including civil society, non-governmental organizations (NGOs), community-based organizations, and interest groups. Society 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 communication between the government and citizens and bridge, citizens of different interest demands can be expressed in different "intermediary organizations", the formation of a political deal with the "middle market in the middle of the market stakeholders will the game, and in the process the government can save a lot of negotiating costs, time costs, and opportunity costs, and so on, so that the citizen Policy Participation transaction size dispersed in various middle market, which help control the over all size of the transaction, to avoid citizen participation Chief "internal", and also help to reduce the transaction costs to improve civic policy involved in the performance, government and citizens to achieve a "win-win".

C.Transparent policy process information, and to prevent opportunistic behavior

Through the policy of former citizens to participate in the analysis of the market model, we can see how in transaction costs is the real world, the government of the participation of civil policy administration "internal" tendencies, but the government and citizen cooperation is still possible. Minimum degree of voluntary cooperation in the social life is not, 100% of the dictatorship, that completely dominant social costs are too high^[8]. Effective social cooperation is possible, because people will gain experience from the real world, more people will realize that they have common interests, cooperative behavior is also reciprocal^[9]. Trading market in terms of policy, in the face of opportunistic behavior, the

best preventive measure is to increase the transparency of the policy process, full disclosure of information to the parties to the transaction, so that information symmetry. In the case of asymmetric information (ie, the negotiating parties with private information), the result of inefficient will appear.

(Kreps,1990)^[10]. The purpose of the market is effective or organizational transactions, but if the parties to the transaction is a lack of good faith, to hide information, it will make the transactions costs are very high maintenance and sanctions, and thus will result in the loss of opportunities for cooperation, market inefficiencies. Citizen Policy Participation must ensure that the whole process of open and transparent information to prevent opportunistic behavior.

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