

The Sociology of Public Policy at Work: Moral and Economic Arguments in Public Policy Discourse

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Introduction

The sociology of public policy includes an examination of the influence of social structure and processes on the success of different arguments for policy change. Public policy discourse includes both moral and economic arguments for government involvement in the provision of social services. Economic arguments often end up being most effective in the policy-making process. However, the use of economic arguments can oversimplify the policy process by emphasizing efficiency, defined as a point at which no one person can be made better off without making someone else worse off, as the main criterion governing our policy choices. The emphasis on efficiency takes away from the human aspects of public policy. Meeting the needs of people is not always efficient; it often requires redistribution of scarce resources in society. An over-reliance on economic arguments may be a sign of a loss of trust, community and social responsibility in the United States today.

Economic arguments and methods are valuable because they force analysts to outline their assumptions of the costs and benefits of policy within the common value of efficiency. This allows policies that are nothing alike to be compared as to their quantified costs and benefits, and the use of economic arguments by entities in the social welfare arena has allowed more competition for funds with business development causes that use economic arguments.

However, in a democratic system, or a system of rule by the people, economic arguments are not sufficient for the creation of public policy. There are many important values that should influence our public policy decisions including: human dignity, justice, trust and authority. Public policy is not only a matter of dollars and cents, or of figuring the most efficient course. It is the opportunity to impact people's lives, their freedom and their ability to succeed in reaching their goals.

Policy analysts and researchers are instrumental in determining the course of action for public policy. Researchers have a hand in bringing issues to the public debate, and framing those issues for public consideration. It is policy analysts and researchers who provide and formulate arguments for public policy. Policy analysts are also influential in providing alternative routes for public policy. As researchers it is important to consider how the types of arguments relied upon for justification of preferred policy options affect the public consciousness about an issue. It is not enough for researchers to simplify an issue to numbers for the consideration of hurried decision-makers. Researchers should also feel the duty to spell out their simplifying assumptions and return an element of humanity to the policy process. While modeling programs and numbers can illustrate a great deal about public policy problems and the different solutions possible, these tools have no preference for justice or improving the human condition.

This essay examines the background of moral and economic arguments and the motivations behind using these arguments in public policy. It also addresses the dominance of economic arguments in public policy-making and the dangers of this over-reliance on economic methods, as well as including a discussion of both the moral and economic justifications for government involvement in the provision of social services.

The issue of child care is examined as a useful case study in the application of different types of arguments for public involvement. The provision of child care as a social service can be justified both economically and morally. However, an emphasis on the economic justification for child care services may mask more important functions of child care for families and society. A more balanced approach to public policy-making would better represent the values held in society.

Part I: Moral V. Economic Arguments for Public Policy

Politics and political arguments can often be split into two types of arguments or rationales, moral and economic. Moral arguments for public policy are applications of an ethical, honorable code of behavior; they are based on the values and norms of a given society. Moral arguments are often referred to as 'normative' by social scientists to emphasize the fact that such arguments are based on societal norms rather than on objective standards. Economic arguments focus on considerations of efficiency, both through studying situations of market failure that may require government intervention and by examining the efficiency of public policies formulated to meet needs in society. The concept of two distinct ways to approach policy and political issues has also been characterized as a dichotomy between the "politics of conscience" and the "politics of interest" (Heineman, 2002). The idea of a dichotomy between these two approaches to political issues may be too simplistic, however, because interest and conscience can operate simultaneously. In fact, when taken together they provide a more complete picture of the motivations driving political arguments.

Moral and economic arguments for and against government action have been present throughout United States history and long before. People have long struggled with the question of which force is more prevalent in human motivation, interest or morals. The human species can be seen as Homo Economicus, beings motivated by rational calculation of interests, what they hope to gain or avoid losing, and how best to achieve those goals. However, this simplification of human motivation does not reflect the reality of how people make decisions. "What is excluded from Homo Economicus are concerns for other people's satisfactions or

sufferings that do not express themselves as one's market activity" (Daly, 1989: p. 86). Homo Sociologicus, on the other hand, is motivated to fulfill social roles, making this view of human motivation more conducive to considering the effects of public policy on the public good, instead of the effects of policy on individual condition.

A person's view of human nature, as fundamentally good, evil or without a fundamental nature, affects which approach they will find appealing. Thomas Hobbes wrote that without society, without a method of control, people are condemned to life in the state of nature, which is "solitary, poor, nasty, brutish and short" (Hobbes, 1651). If one ascribes to Hobbes' view, as many people do, they will be very likely to support government's role of protecting them from their neighbor, but they will constantly be worried about protecting themselves from both their neighbors and their government. When one believes that they must be protected against all others, they are likely to consider politics from the perspective of their self-interest, instead of from the perspective of promoting the common good. If, on the other hand, one believes that by nature people are good, cooperative, social, loving beings, then they will agree that government's role is to rid society of barriers to success, and encourage people to see these traits in themselves and work to the fulfillment of their potential. Government is not about control under this worldview, instead it is about opportunity. It is important to recognize the power of both of these views of human nature, and the values they each promote.

The politics of conscience was prevalent in colonial Massachusetts, where the essence of civil liberty was promoting the public good, and living in accordance with God's law. This was liberty under the authority of a moral code, God's law. The concept of individual liberty and autonomy also has roots in religious expression, because people believed that God's will could

be made apparent to an individual, and the individual must be free to live as they interpret the will of God. The value of equality was seen in the equal worth of all people in God's eyes, again as part of the moral code of God's law (Heineman, 2002).

The politics of conscience is concerned with adhering to a moral code in collective action. This is the basis for moral arguments for public policy. It is important to note that using moral arguments the values of liberty and equality are not contradictory, in fact they support each other. Liberty is seen in humanity's capacity for developing a moral code and applying it to the common good, and people's natural equality shows us that everyone has a moral code and the capacity to use their moral reasoning to promote the public good.

Economic arguments have also been present throughout American history. The politics of interest is based on a standard of material security. Liberty is seen as freedom from want, or the right to accumulate private property and have that property protected from others. "Politics in this framework is conceived as a realm of strategic maneuver and rational calculation among self-interested individuals who wish to win in the great game of life" (Heineman, 2002: p. 58). Here the motivations of individuals are simplified to economic and material security and gain, and Homo Economicus holds sway.

As soon as one believes in Homo Economicus, people as self-interested rational decision-makers, it is difficult not to ascribe to Hobbes' view of life in the state of nature as "all against all." If one believes that others are acting in a self-interested manner, it becomes conscionable to act in a self-interested manner to protect themselves from all others.

The values of liberty and equality mean something altogether different under a politics of interest than under a politics of conscience. Using the framework of the politics of interest,

liberty and equality are not compatible values. In fact, these two core values directly conflict with one another. "In the end, individual liberty triumphs; it reins in and severely limits the egalitarian tendencies of the culture" (Heineman, 2002: p. 62). Equality necessarily limits the type of liberty required by the politics of interest, because if people are to be equal they cannot pursue their self-interest without restrictions.

It is difficult if not impossible to agree politically what moral standard government should promote through public policy, but there has always been a majority view that government operations should be efficient. This has become the main criteria of a "rational" public administration because it is the criteria that Americans, including American public officials, could agree upon, and it was thus seen as a legitimate approach to determining the course of government action. At least it was considered more legitimate than the political games and log-rolling practices Americans believed their political leaders were indulging in prior to the requirement of considering and illustrating the costs and benefits of public policy.

Part II: Why Economic Arguments Dominate Policy Discourse

Policy-making in the United States has become increasingly reliant on economic arguments to provide a rationale for government involvement. Political culture in the United States has supported this trend toward relying on economic arguments, as have the structures and institutions in society; including the structures of public agencies, the culture of policy analysis, and the tools used to examine public policy alternatives.

Political Culture in the United States

Political culture refers to the consistent political values held by most citizens in a given country. Americans have two major, and often conflicting, political values: liberty (economic opportunity) and equality. These values conflict not only between people or between political parties, but also *within* individuals.

Liberty in United States Political Culture

Liberty in United States political culture is the freedom of each individual to pursue his or her own interest. Some influential works of philosophy helped establish the link between liberty and the pursuit of economic self-interest.

Adam Smith wrote *The Wealth of Nations* in 1776, establishing an intellectual framework for the free market. In that work he wrote, "Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest in his own way, and to bring both his industry and capital into competition with those of any other man, or order of men" (as quoted by Muller, 1993: p. 186). Smith was talking about economic interest when he spoke of people pursuing their own interest, and he was speaking of freedom from government coercion.

Decades after Smith's writing about economic freedom and after the founding and early struggles of a nation holding to his ideals, John Stuart Mill wrote his famous essay *On Liberty* in 1859. He stated, "If a person possesses any tolerable amount of common sense and experience, his own mode of laying out his existence is the best, not because it is the best in itself, but because it is his own mode" (as quoted by Muller, 1993: p. 192). Mill saw coercion happening not only in relation to restrictions by government, but also the restrictions placed on individuals by public opinion. He was emphasizing that people should be liberated not only from

government; but also from the coercion of the masses, and public opinion. Mill was emphasizing individualism.

Individualism is one important cultural support for economic arguments. Individualism as it appears in American political culture is this extreme form of liberty pursued by Mills, where it is the choices, preferences, and needs of an individual that hold importance, and the general welfare is viewed as the sum of individual welfare. The most commonly expressed value for measuring the welfare of individuals is their access to monetary resources.

People in the United States distrust and resist limits placed on their capacity to promote their own economic opportunity, even if those limits give other people the opportunity to compete. The “American dream” relies on the belief that without limits imposed each person is able to succeed to the best of their ability and motivation.

Most Americans believe in the importance of individualism, and are skeptical and distrustful of government. This extreme version of individualism, and the triumph of the value of economic opportunity, is threatened by addressing the needs of society at large. “If a politician or public figure in the U.S. talks about the needs of the community or society at large, he or she will almost always be criticized as proposing to limit “freedom”” (Lunch, 2001: p. 3). This view of a communitarian approach as threatening to individual liberty is harmful to society’s capacity for coming together to make public policy decisions.

Individualism and value of liberty and freedom come hand in hand with the questioning of all types of authority, including the authority of social norms that would keep people voluntarily associating with one another and promoting each other’s interest. “Individualism, the bedrock virtue of modern societies, begins to shade over from the proud self-sufficiency of free people into a kind of closed selfishness, where maximizing personal freedom without regard for

responsibilities to others becomes an end in itself" (Fukuyama, 1999: p. 48). This emphasis on maximizing personal freedom comes at a cost to public institutions and those who rely on them.

Equality in United States Political Culture

In contrast to this common position on economic freedom, Americans also believe strongly that equality is important. Faith in people's equality, especially in their equal capacity to make decisions and rule themselves, is at the root of the preference for a democratic government. The preference for equality is therefore often addressed through equality of opportunity to participate in the political system. However, while an extension or enforcement of voting rights addresses equality in the political system, it does not necessarily address equality of opportunity in society (Lunch, 2001: p. 4).

Americans tend to reject the notion of equality of condition. A strong belief in individualism is accompanied by the motto of "personal responsibility" reflecting a belief in the equality of all people, and a belief that those who do not succeed within our system are responsible for their own lack of success. If one believes that there is equality of opportunity in the United States, then a belief in the appropriateness of personal responsibility logically follows.

Implications of Political Culture for Public Policy

The interplay between the core political values of liberty and equality leads most Americans to have a contradictory political ideology, which varies along two dimensions, their beliefs about the intervention of government economically, and their beliefs about government social controls. Some Americans believe that government should be more involved in one area of regulation and less in another, either economically interventionist but against government

involvement socially (the liberal position), or interventionist in social control policies and against economic intervention (the conservative position). Other Americans believe that government should be very involved both in the economy and society, a communitarian or populist perspective, and few believe that government should be uninvolved in both the economy and social control, a libertarian viewpoint ("American Ideological Matrix" in Lunch, 2001: p. 20).

While the average American entertains conflicting values about the role of government in society, the public continues to delegate more and more issues to government. Government is now involved in such post-materialist concerns as recreation. Although there has been increasing demand in the United States for clean air, good highways and a workforce competitive in the global economy "at the same time there has been a series of tax revolts and defeated bond measures that have shut off funds needed to pay for these things." (Cook, 1995: p. 154) Public officials are now being asked to accomplish more although they have fewer resources to work with.

Government is being asked to do more with less, operate efficiently and run like a business, even though government provides services and regulation for problems that encounter market failure when left to the private arena. Pressure on government to operate as much like business as possible comes from many sources in society, including the media, politicians, interest groups and the public. These pressures have led to more need for justification of budgets and spending by public agencies, which then justify their budgets based on the same criterion of efficiency, using economic tools to illustrate their worth as public policy projects.

Over-reliance on economic arguments may also be rooted in distrust within society, because when people are more distrustful they are more likely to rely on arguments of self-interest for public policy. Social trust in the United States has been diminishing since the 1960's.

Most of this decline can be explained as a result of generational decreases in trust, which over time create the picture of a general decline in trust, as increasingly distrustful generations become a larger proportion of our population (Putnam, 2000).

As social trust has declined, there has also been an increased focus in society on methods of control and regulation. Instead of merely coming together to pursue common interests through the political system and public policy, people are forced, due to a lack of reciprocity and trust, to follow formal channels that act to control and restrict pursuit of the common good. "For better or worse, we rely increasingly – we are forced to rely increasingly – on formal institutions, and above all the law, to accomplish what we used to accomplish through informal networks reinforced by generalized reciprocity – that is, through social capital" (Putnam, 2000: p. 147). This reliance on formality translates also into a reliance on formal, rational, methods for formulating policy.

Political Decision-Making

In addition to political culture, the way political and public policy decisions are made also supports a reliance on economic arguments in public policy discourse. There is a limited public policy agenda at any one time, and the scarcity of public resources promotes a focus on the economics behind policy choices. Also, there is an assumption that economic methods are more rational than other social science methods, further promoting their use in public policy decision-making.

Increased pressure on government in both directions, to increase involvement and decrease spending, has led to more intense competition for public funds. This competition for funds has translated into the use of sophisticated economic methods for illustrating the value of

public programs. Public policy is formulated with limited resources in the public coffers, and this scarcity promotes a focus on the economics behind our policy choices. While this focus on dollars and cents is legitimate and important, it also has the capacity to leave out important noneconomic effects of public policy under the guise of rationality. There is limited time and space for political debate as well, and sticking with the numbers, evaluating all policies in the common language of money, can simplify the decision-making process greatly.

Limited Public Policy Agenda

The political discourse of the nation at any point in time tends to be concerned with very few of the potentially relevant political issues of the day. There is intense competition for scarce time, space and attention in the public debate. Getting an issue on the political agenda is the first step to creating policy to address it. The resulting political agenda is influenced by the identification of problems, the politics of the day and the current political actors (Heineman, 2002: p. 50).

Problems requiring public or government attention must be identified and often quantified before they can be addressed in public policy. Policy analysts and researchers have a lot of influence in determining what will be seen as problems, because they provide data and help to frame problems for public consideration. The tools used in policy analysis depend heavily on economics as a way to quantify societal problems and possible solutions.

The political mood also helps to determine what the public agenda will contain. Some problems are simply not important to most citizens, and these problems rarely make the political agenda. However, when a public consensus arises that a problem requires government attention, it will soon appear on the political agenda.

Political actors are also very important in determining what issues make up the political agenda. A policy issue needs champions in the public sector if it is to be addressed through public policy. Government tends to promote policies that are visible, and that the public will support by voting for the party advancing the policy (Neiman, 2000). If public officials are not supported for promoting a policy, they will have little incentive to continue the policy.

Some government policies provide benefits that may appear remote to citizens. These include foreign aid, resource conservation, social security and education. Each individual will correctly believe that a portion of their tax dollars is supporting something that does not directly benefit them. People tend to ignore the benefits they do receive from government and society, and be annoyed at having to pay for benefits others receive. "Individuals are more aware of the government's policies affecting their role as income-earners rather than as consumers of government benefits" (Neiman, 2000: p. 85). Government projects that involve a redistribution of wealth, such as welfare programs, are a hard sell, especially when those who will benefit from the program directly are also those with the least political participation and power. Gaining positive public attention for policies with monetary costs is difficult when the public, and decision-makers, are focused on material self-interest.

Political issues also tend to be characterized by an issue attention cycle. Certain issues are in vogue in the public consciousness at any given moment; these are the issues that the public and government officials are excitedly debating, the issues we hear about constantly for weeks before they fade back into the background quite suddenly. "The initial enthusiasm for the issue is generally followed by more sober realism about the costs of policy options and the difficulties of making effective policy. This realism is in turn followed by a period of declining public interest as the public seizes on a new issue" (Peters, 1996: p. 46). The American electorate has a short

attention span and little excitement for the intricacies of creating effective policy. Public officials, in order to keep up with public consciousness, tend to adopt both the short attention span and the disinterest in detailed scrutiny of policy alternatives and outcomes, moving along with the topics of the day in order to retain their positions and influence. The use of economic methods in policy formulation lends political discussion a constant value, efficiency, to evaluate different public policy alternatives, and demands less active participation in the study of policy alternatives.

Legitimizing Policy Choices with a Rational Approach

Economic arguments are often seen as a way to legitimate public policy. Legitimacy is a fundamental concept of political science and is defined as the belief of citizens that their government is a proper form of government and the willingness of citizens to accept the laws enforced by government as legal and authoritative (Peters, 1996). Government must legitimate all policy choices. Policies that are not legitimated negatively affect the authority of the entire administration and possibly the governmental body itself.

Public administration in the United States went through a period of rationalization, beginning with the Pendleton Act of 1883, which established a civil service in place of the spoils system of political and administrative appointments. The spoils system of political appointments was notoriously corrupt, involving the appointment of a politician's friends and family to posts within government. Reforms were called for to remove the power of politics from public administration. Rationalization was the development and institution of a more scientific approach to policy formation and implementation. The rationalization of public administration

and policy, the institution of a more scientific approach, lent additional weight to the use of economic methods.

Administration was seen as a separate sphere from politics, where it was possible to use a rational and scientific approach in addressing social problems and fulfill their role in policy objectively. "For both bureaucrat and policy analyst, an image of neutrality and objectivity is important. The counter image might undermine the basis of their expertise and influence." (Meltzer, 1976: p. 11) However, the creation of this dichotomy in our approach to policy, the political and the administrative, hid the values in play behind the scenes in public administration, where the scientific and rational tools being applied to public problems were based on a criteria of efficiency in public policy.

Economic arguments are easier to quantify than arguments focusing on other values that are important for public policy. These arguments provide something to count, and the counted properties are both easier to measure and they appear objective, although this appearance is deceptive. It is difficult to place a value on some of the more soft (tough to quantify and describe) implications of public policies, such as how policies affect the environment or people's autonomy.

The Professional Culture of Policy Analysis

The professional political arena, as opposed to the less formal political arena experienced in town meetings and interpersonal political conversation, has resulted in the demobilization of the American public, who now rely on an intellectual elite to formulate, interpret and implement public policies (Putnam, 2000). A professional approach to policy formulation requires the use

of professional tools in analyzing and evaluating public policy alternatives, creating a very formalized system to produce and implement public policy.

The professional approach to policy has created a culture of policy analysis. It has institutionalized an incremental and procedural approach to policy formulation and evaluation, as the incentive for professionals is to keep their agency running smoothly and as far from budget battles as possible. Incrementalism maintains the status quo position of an agency, and retains their power over the implementation of policy. By making only small changes to current policy, they retain their ability to implement policy without structural changes that may be required when major changes to current policy are pursued. Proceduralism is the focus of government agencies on evaluating their procedural efficiency, how they have applied the law, instead of a focus on evaluating whether the goals of a policy are being met. By focusing on procedure an agency can prove a job well done without addressing the more abstract and ambiguous goals of public policy. Incrementalism and proceduralism are tools of self-preservation for public agencies.

Incrementalism: Policy Change Tends to Occur Slowly

Incrementalism is the idea that policy-makers only consider limited alternatives that involve small changes from existing policies and that the best way to pursue change is to start with current policy and take small steps to improve that policy. Budgetary politics play a major role in incrementalism, because policy-makers inherit much of the budget that they have to work with. The entire budget cannot be taken apart and prioritized according to the will of each new congress or presidential administration. Policy-makers must deal with the legacy of the political times and the work of their predecessors when attempting to make decisions about future policy.

Policy-makers also lack the time and complete information necessary to make decisions that radically alter current policy, so they use current policy as their starting point and focus their energy on specific changes to existing policy. "Policy-makers must somehow limit their attention to a manageable number of options – and do so in a way that screens out alternatives that are unlikely to be adopted" (Hayes, 2001: p. 40). In this way policy-makers can focus their energy on the alternatives most likely to be politically feasible and possible to implement under the current technology.

By retaining a focus on current policy and providing alternatives to incrementally change that policy a public agency keeps from threatening their own position in the policy-making process. If drastic changes are pursued, the agency may be restructured or otherwise changed, so there is little incentive on the part of public agencies to promote the change that could be their undoing.

Due to distrust of government in American political culture since before the Revolution, the governmental structure of the United States was formed to impede change. Checks and balances remain in place in order to prevent sharp changes in direction from current policy. Any other approach than incrementalism is unlikely, because our political system does not support an easy change in the direction of public policy.

More rapid policy change is possible in situations of consensus on an issue. When there is general agreement about the direction of a policy and about its objectives rapid incremental change is possible. Even more drastic change is sometimes possible. "Where the consensus is that existing policy has failed, warranting a sharp change in direction, major policy departures are possible even though the knowledge base remains inadequate" (Hayes, 2001: p. 125). Hayes

notes that these departures from existing policy are calculated risks, taken because a completely new strategy or direction is required in a certain policy area.

Incrementalism is important to public decision-making and the prevalence of economic arguments because it is difficult for researchers, especially those employed within government institutions, to approach policy problems, or alternative solutions to policy problems, that are not already a part of the public debate or consciousness surrounding an issue. Creative new solutions to public problems are not encouraged within the organizational culture surrounding most policy analysts. With economic tools such as cost-benefit and cost-effectiveness analysis already in place as tools of policy analysis it may be difficult to encourage the use of a wider range of tools to create policy, especially in public agencies where time and resources are scarce and change from the status quo is not promoted.

Proceduralism: The Dominance of Process Considerations in Policy Evaluation

Proceduralism refers to the tendency of government agencies to evaluate the efficiency of policy processes and implementation, with less regard for whether the policy achieves its intended goals. Government agencies responsible for the implementation of public policies are often more concerned with procedure in evaluation of public policies than with the goals of the policy. Agencies have incentive to evaluate the procedural efficiency of their implementation of public policies, how they produce the service, not necessarily what service they are producing.

However, if the goal of public policy is to serve the needs of citizens, then policies should be analyzed based on their contribution to meeting those needs, and procedural efficiency can only provide one part of that analysis. "Goals may be displaced when evaluations are made on

such a basis, so the process itself, rather than the services that the process is intended to produce, becomes the measure of all things" (Peters, 1996: p. 181).

Public agencies may not be interested in evaluating policies in relation to their goals because such evaluation is inherently political. Agencies must carry out their work no matter the administration, and there is incentive to remain non-partisan. Public agencies must retain their funding if they are to continue to operate and successfully complete the goals for which they were established. Negative research findings may be a threat to continued funding, so there is no incentive for public agencies to pursue research that would illustrate failure in reaching policy goals. In order to secure and retain their portion of the budget, public agencies are under constant scrutiny as to whether they are holding up their end of the bargain. Public agencies are scrutinized and held accountable by the media, president, congress, courts, and public. In order to prove a job well-done agencies focus on proving that they have implemented policy to the letter of the law, disregarding whether the policy has met its goals as political, and out of their control.

Incrementalism and proceduralism are both powerful forces in the decisions made by public agencies. Public institutions have a built in orientation of preferring the status quo. The American system of government was not instituted to promote change; it was instituted to keep change at a minimum for a stable political and economic order. Policy analysts within public organizations are also likely to support the status quo. Where you stand in politics often depends on where you sit. In fact, it has been argued that a policy analyst "cannot escape the preferences of his organization; and soon, rather than remaining a skeptical generalist, he, like other bureaucrats, becomes a defender of the faith" (Meltzer, 1976: p. 168). The analyst will be

compelled to protect existing policies and methods in any analysis. This is not to say that the analyst must give in to this compulsion, but they must be aware of their own institutional bias.

Analysts within public agencies are likely to maintain a status quo orientation in their policy analysis. While analysts outside of government are not as likely to stay consistent with current policy in their approach to analysis, they are still likely to be biased by the tendencies and political leanings of the organization or organizations they work with. Analysts outside of government may be "freer to be critical of government programs, although they themselves will tend to adhere to the values of the organizational interests that they represent and from whom they receive financial support" (Heineman, 2002: p. 36).

Policy analysts must also be in tune with political realities when designing policy. The political process is important to a policy analyst because "that process will define the set of feasible policy alternatives in a more restrictive fashion than does the economic and social world. That is, more programs could work than could be adopted within the political values of the American system" (Peters, 1996:80). This does not mean that there is no hope for innovative solutions and creative policy, merely that if a radical alternative is being approached the analyst must be aware of the issues that will emerge due to political culture and the political times they are working within. Today, political realities for policy analysts include the use of economic methods to back up policy projects.

In addition to the common value of economic efficiency, issues of justice, trust and authority must also be addressed in policy analysis. Authority is a necessary component of legitimacy, and should be addressed when providing policy alternatives for public consideration. However, "techniques of policy analysis are dominated by efficiency-based utilitarian criteria.

The second set of values, which utilizes such ideas as equality, justice, the moral worth of each individual, and the common good and is clearly metaphysical and transcendent in nature, generally receives little consideration in the application of analytical techniques” (Heineman, 2002: p. 37). A more balanced approach to policy analysis, using both qualitative and quantitative social research methods would be more representative of the values at work in society and in politics.

Tools of Policy Analysis

Both quantitative and qualitative research methods and tools can be employed to determine the consequences of public policy. Qualitative data recognizes that there is no inherent numerical order to observations made in social sciences. Quantitative data is numerical; the observations have been assigned numerical order or value.

Qualitative researchers “attempt to make sense out of an ongoing process that cannot be predicted in advance – making initial observations, developing tentative general conclusions that suggest particular types of further observations, making those observations and thereby revising conclusions, and so forth” (Babbie, 2001: p. 275). Qualitative research takes a lot of time and resources to complete and then to analyze, but it has the advantage of retaining the complexity of the human condition often lost when information is quantified.

Assigning numbers to what begins as qualitative data can help quantitative researchers to aggregate, compare and summarize the data they are working with. However, through this process of aggregation the fine points of an issue are lost. Therefore, “the most effective evaluation research is one that combines qualitative and quantitative components. While making statistical comparisons is useful, so is gaining an in-depth understanding of the processes

producing the observed results – or preventing the expected results from appearing” (Babbie, 2001: p. 344).

While the use of qualitative methods results in a more complete understanding of the policy issues at hand, these methods are not often utilized in the development of public policy for a couple of reasons. First, this type of study is expensive and time-consuming, making it an unlikely choice for public agencies. Also, qualitative methods require more analysis on the part of decision-makers than quantitative studies, and many decision-makers have no training in this sort of analysis. Qualitative studies require decision-makers to spend more time analyzing alternatives than is required by the easily presented tables and graphs of quantitative data.

Qualitative Methods of Social Research

There are many qualitative tools utilized by social researchers to gain insight into people's behaviors and motivations. Qualitative field research includes intensive interviewing, participant observation and focus group research (Seccombe & Warner, 2004). Historical research can also be employed to examine changes over time. Qualitative methods of study are often ignored in policy analysis because they take longer to conduct than quantitative analysis.

Intensive Interviews. Intensive interviews involve open-ended questions that allow the researcher to clarify questions, ask follow up questions and elicit more detail from subjects. These interviews tend to be unstructured, allowing subjects to convey as much information as they will. Subjects may be allowed free rein in their approach to questions or the researcher may probe for the information they want. Intensive interviews are not utilized regularly in policy analysis due to their cost, in both time and money.

Participant Observation. Participant observation involves a researcher becoming involved, a participant, in the group or activity they are attempting to study. Hands on involvement allows the researcher to interact with people, gaining a sense of how they behave and think, and also to ask questions to gain a better understanding of why people behave and think the way they do. Participant observation gives the researcher a new role through which they can gain better understanding of a social process at work. However, it may take a long time to gain understanding through participant observation, and public policy questions often require methods that can provide information quickly so that decision makers will have as much to work with as possible.

Focus Group Research. Focus groups bring small groups of people into open dialogue about some topic of research. Focus groups act as group interviews. This is a helpful and appropriate technique for examining the effects of public policies, as well as people's perceptions of them. The value of this method in particular is that it allows interaction between subjects, and this interaction may provide more insight into people's beliefs and behaviors. While a useful tool, especially when using a participatory approach to changing public policy, focus groups are difficult to organize. It is also difficult to direct focus group conversations toward the information needed to carry out a useful analysis of policy.

Historical Research. Historical research is qualitative and is usually used to study some topic over time. Commonly used sources for historical research, according to Anderson and Taylor, are: official records, historical archives, church records, town archives private diaries and oral histories (Anderson, 2003). Historical research gives researchers the opportunity to ground their theories in history, as well as to examine changes in society over time. This type of research is usually utilized in order to gain a better understanding of how an issue or problem has

evolved over time. It is good research for background, but not necessarily useful for finding innovative solutions for current public policy problems.

Quantitative Methods of Social Research

Multiple Regression Analysis. Multiple regression analysis is the most widely utilized quantitative method in the social sciences, and is also utilized in biological and physical science research. Multiple regression is a statistical method used to study the relationship between a dependent variable and one or more independent variables. The two major uses of multiple regression analysis are prediction and causal analysis. An analysis focusing on prediction will attempt to predict the outcome for the dependent variable based on the observed values of the independent variables. A causal analysis attempts to determine the extent to which the independent variables can explain the variation in the dependent variable (Allison, 1999). Studies focusing on prediction are useful for public policy because they allow decision-makers to address the consequences of public policy in the future, and therefore allow sounder decision-making for the long term.

Survey Research. Surveys solicit data from respondents including demographic information and answers to questions about a particular topic of research. Survey questions can be open-ended, allowing respondents to relate as much information regarding the question as they would like, or close-ended requiring the respondent to choose an answer provided. The importance of surveys is that they allow researchers to gain a lot of information fairly quickly and simply. However, surveys can be inflexible and require careful attention to defining concepts and designing questions so that the data retrieved will be both valid and reliable.

Surveys also have the benefit of allowing secondary research to take place. Once a survey has been completed the data is often made available for others to use. Survey research is effective because once data has been collected it can be used at any time to answer questions appropriate to the survey responses.

Social Indicators Research. Social indicators research uses social indicators, aggregate statistics exhibiting social conditions including conditions experienced by different groups, to examine aspects of social life (Babbie, 2001). Public policy can be informed through this type of research. Social indicators are often used to justify government involvement in a policy area and provide a background to issues in the public debate.

Economic methods are highly quantitative. Economics has no equivalent for qualitative research; everything is based on numbers. Economic tools have in common the overarching value of efficiency as the criteria for making decisions. Coming from an economic perspective and viewing people as Homo Economicus, these tools contain the assumption that “rational, self-interested economic roles prevail in *both* private markets and government sectors” (Neiman, 2000: p. 69). Economic tools rely on many simplifying assumptions regarding how individuals act in a market, and these assumptions are understood to be active in government as well.

Economic tools such as cost-benefit analysis have been promoted as rational tools for considering policy alternatives since the 1930's. Reagan was the first president to issue an executive order requiring cost-benefit or cost-effectiveness analysis in public decision-making. All presidents since have followed suit, making cost-benefit analysis the most widely used tool in public policy analysis, and money the primary value by which our public policy is measured.

While economic tools are useful because they force analysts to outline the monetary effects of policy, they rely on a great deal of assumptions in order to create models that represent the real world as completely as possible. "Such things as the difficulty of assigning monetary values to nonmonetary outcomes, the choice of time ranges and discount rates, and the reliance on total net benefit as the criterion all introduce uncertainty about the usefulness of the outcome" (Peters, 1996: p. 438). With all of the simplifying assumptions necessary to carry out a cost-benefit analysis, and the inherent assumptions as to the future results of policy, which no one can really determine, cost-benefit analysis cannot paint a clear picture of the results of a policy, although it may be a useful tool for analyzing policy alternatives that have already been through a more appropriate filter to determine their relevance.

The purpose of requiring use of economic tools, according to the Office of Management and Budget's circular A-94, which outlines the federal guidelines for utilizing cost-benefit and cost-effectiveness analyses, is "to promote efficient resource allocation through well-informed decision-making by the Federal Government." Efficiency has become the structurally supported dominant value in public decision-making.

Cost-Benefit Analysis. Cost-benefit analysis rests on two major precepts. First, any projects undertaken by government should produce greater net benefits than net costs. Secondly, when more than one policy alternative offer positive net benefits, the government should enact the policy with the greatest net benefits (Peters, 1996).

Cost-benefit analysis has long been recognized as a useful tool for outlining and quantifying the consequences, especially taking into account long-term results, of public policy. Government utilized the technique to examine policy alternatives as early as the 1930's. The Office of Management and Budget refers to cost-benefit analysis as "a systematic quantitative

method of assessing the desirability of government projects or policies when it is important to take a long view of future effects and a broad view of possible side-effects" (OMB circular A-94).

Cost-benefit analysis allows analysts to outline all of the costs and benefits associated with a given policy or policy alternative. It requires spelling out assumptions about costs and benefits, which increases the accountability of analysts. The value of costs and benefits that are not monetary are often determined by using proxies, the monetary value of something that approximates the value of the nonmonetary item being measured. For instance, in determining the value of a life analysts may choose to use the value of future lifetime earnings or the amount of life insurance someone is protected with.

Cost-Effectiveness Analysis. The Office of Management and Budget calls cost-effectiveness analysis "a systematic quantitative method for comparing the costs of alternative means of achieving the same stream of benefits or a given objective." This type of analysis is often considered appropriate when the outcomes of policy alternatives are the same and are already considered desirable. In these cases, only the costs of the policy alternatives need to be examined, and if alternatives are equal in their results, then the most cost-effective alternative should be chosen.

Decision Analysis. While cost-benefit analysis assumes that a certain outcome will occur if a policy is implemented, decision analysis can be utilized to examine possible outcomes in situations with less certainty. Decision analysis takes for granted that many times government does not have perfect information about policy problems, instead decisions are based on the probability of certain outcomes. Each policy alternative has multiple possible outcomes, and the probability of each occurring should a given policy be implemented can be assigned and then

evaluated using a value computed for each likely scenario. A common illustration of this sort of analysis is a decision tree (Peters, 1996).

Impact Analysis and Input-Output Modeling. Economic Impact Analysis is “an assessment of change in overall economic activity as a result of some change in one or several economic activities” (MIG, Inc., 1999). Once a model of a regional economy has been developed and ground-truthed to make sure it represents the region as accurately as possible, Impact Analysis allows researchers to “shock” the model of the economic system with some change and then analyze the resulting economic activity. The changes in an economy that result from some impact can help researchers to understand the complex relationships between different sectors and industries within a regional economy.

Input-Output modeling can be used to trace the flow of goods in and out of a regional economy. Input-Output tables “relate how the output of each industry is allocated across other industries and sectors of the economy on the one hand, and how the inputs used by each industry are drawn from other industries and sectors on the other” (Ezeala-Harrison, 1996: p. 224).

Input-Output modeling contains some assumptions outlined by the Minnesota Implan Group in their guide to using the IMPLAN modeling program. First, this sort of modeling assumes constant returns to scale. It assumes that all production functions contained in the model are linear, so with more output a proportional increase in inputs is assumed. Also, there are no supply constraints represented in the model, so industries have unlimited access to materials and demand is the only driving force behind production. Next, the model assumes that price changes do not affect an industry’s requirements for producing their goods or services, in other words, firms do not buy substitute goods when prices change, they continue to use the same inputs in production. Input-Output modeling also assumes that regardless of the level of

output, the composition of products produced by an industry will remain the same. Producers do not change the production of one product without proportional changes to other products.

Finally, these models assume that a given industry uses the same technology to produce all of its products, or that there is one main product in each industry and other products are byproducts of the main product (MIG, Inc., 1999).

Industry multipliers allow researchers to examine the strength of effect an investment in a given industry will produce in the economy. "Each industry that produces goods and services generates demands for other goods and services and so on, round by round" (MIG, Inc., 1999). The industry multiplier describes the total change in demand or production resulting from a one-dollar change in the demand or production for an industry.

While the most effective evaluation research combines qualitative and quantitative methods, highly quantitative economic methods have been formalized as a part of the required steps in public policy formulation. It is important to note that social and political methods have not been as clearly outlined or structurally supported for public policy utilization as economic methods have been. The common perception is that economic methods are more reliable for forecasting the future effects of policy, especially in the long term. However, statistical tools like multiple regression analysis can be used in much the same way as economic models are used for predicting policy outcomes. Economic methods do have the advantage of a common currency for evaluating policy, the criteria of efficiency, while methods from other social sciences lack a common value on which to evaluate the merits of policy.

The use of money as a single criterion for measuring the worth of public policies is both a boon and a built in blinder to other appropriate criteria. "The costs and benefits of a project are

all collapsed onto the single measuring rod of money, and those that create the greatest net benefit are deemed superior. This implies that the dominant value in society is economic wealth and, further, that more is always better" (Peters, 1996: p. 425). The use of a single criterion makes analyzing policy alternatives simple. The one with the greater net benefit is considered superior, and if another alternative is chosen instead, policy makers are challenged as to the reasons. The ease with which economic tools can select the most efficient course for public policy is deceptive.

In order to emphasize what an economic approach using efficiency as the criteria may be leaving out, Peters presents five non-utilitarian values as alternative value premises for public policy: preservation of life, preservation of individual autonomy, truthfulness, fairness, and desert. These values may be useful moral "currency" with which to examine the merits of public policy alternatives, but it would be difficult to place any one of these values above the others as a dominant moral value for public policy. Public policy analysis must consider multiple values at the same time in order to reach a better understanding of the needs of society, and the best ways to meet those needs.

Tools that use more than one value to examine public policy, however, instead of only looking at efficiency, tend to be more ambiguous in their results. When metaphysical values are taken into account, the decision-making process gets very messy, and there is no easy answer. "The calculation of costs and benefits is greatly complicated when psychic dimensions are involved in peoples' assessments of their net benefits and costs. Most often, even a specific public policy poses for the individual complex mixtures of costs and benefits, both material and psychic" (Neiman, 2000: p. 70).

However, it is important to note that ambiguity is the natural state of affairs in a body politic that cannot agree on common goals. In a heterogeneous nation, it *should* be difficult to make public policy decisions. This should rouse a lively debate about what people want out of their social contract. Instead, the tools used to determine the best course of action paint a deceptively simple, one-dimensional picture of our alternatives.

Part III: The Dangers of Over-Reliance on Economic Arguments in Policy Discourse

The application of moral and economic arguments to public policy problems and alternatives is a matter of values. The values of liberty and equality can operate together, but due to a focus on individuals in society today these values often conflict. The over-reliance on economic arguments in the United States tips the balance toward liberty, or economic freedom, as the dominant value. Efficiency is the major evaluative measure of public policy today. A more balanced approach to policy analysis and discussion would relay the complex array of values at work in policy and create policy more representative of the values and norms at work in society.

Danger to Community

Values and norms are learned through contact with other people, through community. In the modern world, where people value individualism and personal responsibility, it is crucial to retain a moral code that people can live by. If a moral code is internalized, each person can be counted on to do his or her part, and trust will be fostered. However, as Fukuyama has noted in his work on the "Great Disruption" of societal values, the ability to effectively transmit a moral

code to the next generation has been hampered by the same changes that have created the modern world; changes in the structure of the economy, technology and our culture. The family is the traditional socializing institution, but through these changes the role of families in society has evolved.

Families as a social structure were traditionally responsible for reproduction, education, caring and socialization of children, as well as caring for and supporting other members of the family who could not make it on their own. Over time much of the role of families has been taken over by other institutions due to the economic shift first from an agrarian to an industrial society, and then to the current information society. Able and available adults have been drawn to the workforce, female and male, and changes have taken place in how children are raised and values and social norms are transferred. Today people also celebrate individualism and civil liberties, and as they do so they create a climate where the moral code is relative to the individual. While this is nice for those attempting to self-actualize, it creates problems for effectively promoting the common good, because in order to promote the common good it must be defined, and operating as individuals it is impossible to agree.

A community is not just the sum of the individuals who make it up. Although individual interests are not always at odds with the common good, what is best for individuals is not necessarily best for a community at large. When individuals are caught up in pursuing their interest, which individuals do especially when they believe it is the route others are taking, the interests of the community as a whole can be lost. As each person votes for their interest, with none voting for the common good as our civic duty calls for, we will be unable to come to a consensus on social issues, and what is best for the community.

Francis Fukuyama has argued that there has been a “great disruption” in the social norms and values that govern community life in modern societies. In traditional societies people had few options and many social bonds tying them to others: they had little choice concerning marriage partners, jobs, where to live and what to believe. Traditionally, people have been tied down by their bonds to others, including family, church, tribe, and caste. In modern societies the bonds between people are no longer forced, they are no longer the inherited ties an individual was born into. Instead they reflect the preferences and choices of the individuals and are voluntary. In fact with access to the Internet we can now create social bonds regardless of physical place, a heretofore unimagined level of opportunity for social integration based on any interest. While people may be creating social bonds of a new variety in place of the inherited ties that used to make up people’s social networks, these bonds are based on shared interests, and do not carry the same obligation to promote one another’s well-being.

Social capital is the value of the social networks between people who operate under the same norms and values and are therefore inclined to do things for others within their social network. Social capital can act as a social lubricant, reducing transaction costs and allowing people to work together with trust by relying on the norms of honesty and reciprocity that make these informal methods of viable.

According to Putnam, social capital can be distinguished as either bonding or bridging. Bonding social capital is formed between people of like interests. Bridging social capital is formed between people of many diverse backgrounds, allowing for a more affable relationship between different people and groups. “Some forms of capital are, by choice or necessity, inward looking and tend to reinforce exclusive identities and homogenous groups. Other networks are outward looking and encompass people from across diverse social cleavages” (Putnam, 2000: p.

22). Country clubs and fraternal organizations are forms of bonding social capital. Bridging social capital can be seen in the civil rights movement and such new communication technologies as Internet chat rooms where people from many different geographic locales can come together over a topic of conversation. These categories are not mutually exclusive; many groups have both bonding and bridging social capital aspects.

In determining the future of our social welfare system, Putnam notes, "surely it is social capital of the most broad and bridging kind that will most improve the quality of public debate. In short, for our biggest collective problems we need precisely the sort of bridging social capital that is toughest to create" (Putnam, 2000: p. 363).

One important indicator of social capital in a society is altruism, because when people are more connected and share goals, hopes and beliefs they are more likely to aid one another. Social networks are also relied upon to provide the opportunity to recruit one another to altruistic tasks. In the 1990's American's devoted a smaller portion of their personal income to philanthropic purposes than at any time since the 1940's. American's donations to philanthropic projects have been decreasing as a proportion of their income since 1961. "In 1960 we gave away about \$1 for every \$2 we spent on recreation; in 1997 we gave away less than \$.50 for every \$2 we spent on recreation" (Putnam, 2000: p. 123).

Humans are by nature cooperative; they have always been dependent on each other, and the ability to work together in groups has been an evolutionary advantage. Altruism is rooted in kinship networks. Genes are selfish and people have always tended to their blood relatives, because together families have a better chance of surviving and thriving. The next sort of altruism to develop is reciprocal, people helping each other without need for compensation, but

with the understanding that aid will be available when they need help in the future (Fukuyama, 1999).

There are many roots of altruism in the United States. For many colonists, and later citizens of the new republic, altruism was religious, the reciprocal arrangements of a community new to a distant land. As a part of a religious community colonists were able to depend on each other for aid and to trust in the norm of reciprocity. Altruism was also a survival mechanism, and therefore inherently self-interested, as illustrated by the homestead ethic that took over as people of European descent began moving westward across the expanse of North America. If one community member needed help raising a barn or a cabin, they would be aided by all of their neighbors. While this was considered the right thing to do, it was also done because eventually everyone in the community would need this sort of aid, and a norm of reciprocity made building communities easier for everyone in the long-run.

Motivations for aiding other people have shifted over centuries of building our national identity. "Toward the end of the nineteenth century a new theme became a more prominent part of the rationale for altruism – helping others was part of our civic duty" (Putnam, 2000: p. 117). This was the view of Andrew Carnegie, who argued in an 1889 essay "The Gospel of Wealth" that wealth was a sacred trust that the wealthy were bound to administer for the public good. As United States society grew more diverse and religion became a less constant component of people's social ties, trust in the norm of reciprocity began to dissolve, and a consistent source of aid to those in need was sought and found in the welfare state.

Trust is an important indicator of the level of social capital in a society. Both public and private trust in the United States have been decreasing since the 1960's. "Trust is a key by-product of the cooperative social norms that constitute social capital" (Fukuyama, 1999: p. 49).

Trust exists when people are able to share norms of honesty and reciprocity and are therefore able to cooperate with one another. It is not a virtue in itself, but the by-product of these virtues. Distrust correlates with; low socioeconomic status, minority status, traumatic life events, fundamentalism, failure to attend a mainline church, and age cohort (Fukuyama, 1999).

As we consider politics from an individual perspective, refusing to consider what is best for community by concentrating on our own individual goals, we also rely on community in order to be able to reach those goals. This has resulted in "an unusual and dangerous disjunction between moral entitlement and moral responsibility; Individuals can now claim vast entitlements while assuming only a scant portion of the responsibilities associated with creating them and guaranteeing their fulfillment" (Cook, 1995: p. 158). Individual prerogative includes the prerogative to remain uninvolved and disinterested in the rest of society, as well as the prerogative to be actively suppressing the common good. If we retained a communitarian nature and held true to our civic duty of pursuing the common good, our rights would be better protected. We would also be more able to trust if we were not constantly looking over our shoulder for the next brutish, self-interested character out of Hobbes.

The predominance of the individual as the unit for measuring welfare, as well as the lack of regard for what is best for community, illustrate the disruption of our social norms and values. "The essence of the shift in values that is at the center of the Great Disruption is, then, the rise of moral individualism and the consequent miniaturization of community" (Fukuyama, 1999: p. 91). A reliance on economic arguments in public policy discourse both illustrates and encourages the prominence of the individual in policy discussion. These arguments gain strength because people want to know how policies will affect their pocket book, their self-interest. The use of economic arguments in policy discussion then reinforces that economic arguments are

sound and authoritative, that they capture rationally and objectively what decision-makers need to know about the implications of policy, even if that evaluation is based solely on the value of efficiency and not necessarily the needs of the community.

Danger to Democracy

In a democracy, government structures are accountable to the people. The government should formulate policy based on and promoting the well being of citizens, economically efficient or not. However, efficiency is the structurally supported dominant value in our public policy-making system. Too much focus on research and data take the focus off of the people, and it is their interests that matter, not whether their interests can be met efficiently.

The use of economic methods, which simplify policy issues into the single dimension of money using the value of efficiency, does not encourage decision makers to think through the implications of a policy themselves. "Some naïve politicians and analysts might let the method make decisions for them, instead of using the information coming from the analysis as one element in their decision-making process" (Peters, 1996: p. 438). Decision makers may use the simplified version of the real world presented in cost-benefit analysis to evade the moral questions inherent in policy formulation. Political decision makers are supposed to represent the interests of the people, but with readily available economic analyses and little time to spend on any one topic, they may be inclined to make a decision before they realize all of the implications of policy for the people they serve.

Formulating economic arguments also requires time and funding. Public agencies tend to be more limited in their approach to public policy alternatives and they focus a lot of their research energy on the procedural efficiency of programs. Public agencies also do not have the

resources to spend considerable time formulating any type of argument for policy. Instead, many of the arguments utilized by public agencies and decision-makers for their programs are actually formulated in the private and non-profit sectors, where interest groups and other well-funded structures determine the feasibility and attractiveness of policy alternatives on economic grounds.

McGann termed these policy entities Public Policy Research Institutes, and noted that these organizations have largely taken over the research and advocacy function that political parties used to maintain. These organizations have little accountability besides securing funding, so whether they can be counted on to provide a balanced approach to policy remains questionable. However, their proliferation means that there are many conflicting arguments coming out of these PPRI's, so it is unlikely that there is truly a bias in the ideological perspectives produced by the organizations (1995), but a bias toward economic methods of argument remains.

Whether or not there is an inherent ideological bias in the research and data provided by private and non-profit research groups, the fact remains that the average citizen cannot afford these studies and may not have the education to make these sophisticated economic arguments. The heavy math and statistical concepts utilized by economic arguments mean that little of the population can understand the methods being applied; much less formulate those arguments themselves. However, the lack of economic reasoning should not render their policy priorities less viable automatically when compared with policies outlined in an economic fashion. If only the rich and well-educated can afford to make policy arguments that people will listen to, then we live in a severely elitist system, not a democracy. If money can be used in politics to sway the public and support those policy projects with money behind them, it does not matter much

that each person has one vote; the wealthy and educated effectively have more influence than their one vote.

Economic arguments cannot be considered sufficient for creation of public policy. These arguments assume that the one common value in our public decision-making is the value of efficiency. However, there are many other values that we might measure public policy alternatives by, including the five non-utilitarian values presented by Peters: preservation of life, preservation of individual autonomy, truthfulness, fairness and desert. Peters notes, "economic consequences are important as criteria on which to base an evaluation of a program, but they may not be the only criteria. Both the policymaker and the citizen must be concerned also with the criteria of justice and trust in society" (Peters, 1996:458). Although it is the most widely applied value in public policy and the easiest to quantify, economic arguments for public policy are not sufficient by themselves. Public policy-makers should also address moral values in formulation of policy and in examining the expected outcomes of policies.

Part IV: Moral and Economic Justifications for Government Involvement

In a heterogeneous nation such as the United States, it is difficult to come together and make the decisions we must in order to pursue our common interests. It is through the public policy process that we come together to make these decisions. Public policy meets many needs in society, and policy discussions are influenced by the major values of liberty and equality. While economic arguments and methods are more formalized and accepted for use in public policy analysis, these methods do not convey the breadth of values inherent in public policy decisions.

because they focus on efficiency and have no preference for the well-being of people. A more balanced approach to policy analysis is necessary, because it is impossible to ignore the myriad of reasons for government to be active and involved in the lives of citizens.

There are two approaches justifying government involvement in the provision of social services examined here. The moral justification for the provision of social services is that those services meet human needs that we are morally and socially responsible for meeting. It is through government involvement that these needs can realistically be met, and since we are obligated morally and socially for meeting people's basic needs, government involvement can ensure we are meeting our obligations. The economic justification for government involvement in social services, on the other hand, involves correcting situations of market failure and promoting economic development. Government involvement in social services is justified if there is market failure in the form of monopoly, externalities or public goods, or if there is opportunity to improve the level of economic development: increasing GDP, employment and consumption.

Moral Justification: Welfare Policy Exists to Meet Human Needs

We, individually and collectively, have a strong moral responsibility for protecting those whose interests are especially vulnerable to our actions and choices. That proposition dictates making certain provision outside ordinary economic markets for certain kinds of people and certain kinds of interests (Goodin, 1988).

The moral argument for social service provision is based in the idea that some people are more vulnerable to the actions of others and that without recourse offered by government

institutions vulnerable people may be exploited or coerced because they will have no reasonable alternative on which to rely.

Moral Responsibility

Morality has always concerned humankind. Humans are by nature social and cooperative beings. With consciousness and a capacity for both reasoning and feeling, humanity has constantly struggled not only with what can be done but also with what *should* be done. The moral basis for a welfare state has its roots in the musings of Immanuel Kant, who stated "Man is not a thing, and thus not something to be used merely as a means; he must always be regarded in all his actions as an end in himself" (Kant, 1785). The rational nature of humanity is the moral basis for people's autonomy, and the basis for the idea that each individual has needs, wants and goals, "ends" that would lead to their happiness. Each person should have the capability of meeting his or her own goals and using a person, another rational entity, as a means to your own ends is morally abhorrent.

Kant goes on to say that the end all people share in common is their own happiness. Each person has the goal of being happy. However, if everyone goes along concerned with their own happiness, even while attempting not to restrict others from seeking their happiness "this harmony with humanity as an end in itself is only negative rather than positive if everyone does not also endeavor, so far as he can, to further the ends of others." (Kant, 1785) People should attempt to further the ends of others as much as possible, instead of merely refraining from detracting from those ends.

If rational and autonomous people are to be able to pursue their own "ends" as Kant argues, then negative rights, freedoms from infringement, are insufficient to meet this goal. A

person must be able to participate fully in their community if they are to be considered free. Autonomy has two components according to Taylor-Gooby: first, "people should regulate their conduct in accordance with a public set of principles and second, "they should be capable of formulating their own projects within those restrictions and acting to pursue them" (1991). If people are to be able to pursue their own projects within their social context, their basic needs must be met.

Needs are not ends in themselves. A person's basic needs are the resources, services and tools that they require for successful pursuit of their own ends (Taylor-Gooby, 1991). These needs must be met if people are to be considered free to pursue their ends. Needs are also socially constructed. People do not simply set goals and commit to action to achieve them, they reside within a preexisting social system. Analysis and definition of needs must be determined relative to social structure and cultural requirements.

"If the ideas of agency, autonomy and freedom are basic to morality, then they could underpin a set of rights that would be both negative rights to freedom from coercion, but also to those positive resources that are necessary conditions of acting in a purposeful way at all" (Plant, 1988). In order to act purposefully, people must have their basic needs met, and they must also have access to the resources required to succeed within their social context.

Social responsibility: The Question of Welfare Rights

Social responsibility for people's welfare is based less on general acceptance of that responsibility than on the needs requiring assistance. "It is their vulnerability, not our promises or any other voluntary act of will on our part, that imposes upon us special responsibilities with respect to them" (Goodin, 1998). If people are in need and it is possible to meet those needs, we

are socially responsible for assuring that the needs are met. It is considered legitimate to restrict the right to welfare if it hampers the welfare rights of others (Taylor-Gooby, 1991).

Once we agree that positive rights do in fact exist, that people have the right to what they need to reach their own goals, we come to another question about how far we will take the duty to provide for those rights. Providing for negative and positive rights are two different things. In the case of negative rights we have a clear obligation to abstain from infringing on those rights. However, positive rights are socially constructed, they depend on needs that are determined by the circumstances of a society, and defining them is therefore complicated. They can comprise anything that a rational agent would need to participate fully in their society and have the opportunity to reach their own goals. "If there is a corresponding duty to satisfy these rights, based as they are upon an account of the needs of a rational agent, then it is very unclear how extensive this duty is. Any attempt to define the duty with more precision will be arbitrary" (Plant, 1988). Further definition of needs must be variable because the positive rights defined depend on social context.

"Rights should be seen as the mutually consistent and collectively exhaustive components of human autonomy" (O'Neill, 1998). For O'Neill it is possible to broaden our definition of justice to include welfare rights, or rights to basic needs only if it is discussed so abstractly that the subject of who must fulfill the obligation is not breached. The distinction between liberty rights and welfare rights arises when enforcement of those rights is considered, and some entity must be considered responsible for the rights being met. Enforcement of negative or liberty rights demands that people not interfere with others' liberty, and the action required is in the prevention of infringement on these rights. Enforcement of welfare rights, on the other hand, requires positive action on the part of people who are not directly responsible for

others' dependence to reduce that dependence. "Once we start talking about enforcement, we assume that the allocation of obligations is settled. Otherwise we would not know what rights there are to enforce" (O'Neill, 1998).

The concept of the "deserving" poor has provided an easy justification for denying our moral obligation to aid others. This concept differentiates between those who need aid due to their own folly or carelessness, and those who are in need through no fault of their own and are seen as deserving of assistance. Using a rather extreme example, Goodin argues that questions of fault, blame and desert are out of place when dealing with people in precarious situations. "When two victims of a traffic accident are brought into the hospital emergency room with similar injuries, surely they should be treated with equal care and attention, even though one caused the accident and the other was its innocent victim" (Goodin, 1998). It is the vulnerability of the person in need and their dependency on aid that dictates our moral responsibility to them, not whether or not they are responsible for the situation requiring assistance.

State Responsibility for the Welfare of People

It is the business of the welfare state to prevent the exploitation of dependencies, and that is a matter of providing support to people who would otherwise be left with "no reasonable choices." That, in turn, might explain why the "needs" to which the welfare state responds are defined by relative and shifting standards, rather than being absolute and invariable across all societies (Goodin, 1988).

Any foreseeable constraints on people's ability to pursue their own goals are as much a barrier to autonomy as intended constraints, so the goal of autonomy requires government to

eliminate foreseeable constraints by ensuring that people's needs are met. A society is morally responsible for seeing that people's needs are met, and it is right to ask government to fulfill this role if the society as a whole is in a circumstance where this is possible. Copp argues that the requirements of rational autonomy include that people's basic needs be met, and that this can be considered a right against the state if the state is in favorable circumstances. He states that given that the state is the typical form of organization of society today, and given that the state is the agent of society "If the society has the duty to bring it about that its members are enabled to meet their basic needs, the state has this duty" (1998).

A society cannot be politically equal if individuals do not have the same opportunities socially and economically. "Equal enjoyment of civil and political rights depends on social and economic rights in an unequal society" (Taylor-Gooby, 1991:197). In a democracy, where our politics depend on a thriving and aware populous, it is crucial that a level of social and economic equality arises that will allow this sort of widespread participation.

State intervention is justified when it enhances individual liberty, which is a moral obligation. The role for state involvement depends on how resources are already distributed within a society. If everyone has the capacity to compete and remain autonomous there is little role for government. However, if people are vulnerable to coercion due to their lack of resources for competition, a role for government exists (Taylor-Gooby, 1991: p. 175).

People are vulnerable to exploitation if their basic needs are not met and they are dependent upon others to satisfy those basic needs. "Needs give rise to exploitable dependencies because people in need have "no reasonable choice" but to pay any price, comply with any conditions, that those upon whom they are dependent for satisfaction of their needs might care to lay down" (Goodin, 1988). People are morally responsible for ensuring that others are not left

without any reasonable alternatives. The state has a role because individual people cannot be held morally responsible for providing all of the aid necessary, but they must morally ensure that it is provided.

Economic Justification: Policy Exists to Address Market Failure and Development

Government involvement in the provision of social services is justified economically in situations of market failure and economic development. Market failure is the most commonly used economic justification for government. Market failures include monopoly, externalities and public goods. The other economic justification for government involvement is to promote economic growth and economic development, increasing the productive and distributional capacity of the economy.

Market Failure

Market failure is the main economic justification for government activity. Market failure occurs when “distribution, production, and consumer efficiency are *not* maximized by private, market exchanges” (Neiman, 2000: p. 72).

While Americans are very attached to the capitalist system, over time we have learned to temper the free market with regulations to avoid problems of relying on the market. “The free market system not only fails to yield the most desirable economic outcomes for society (such as full employment and high rate of growth), but also fails to prevent such common economic problems as gross inequality in income distribution, unemployment, inflation, and recessions” (Ezeala-Harrison, 1996: p. 224).

There are several types of market failure recognized by economists as appropriate justifications for government involvement, including situations of monopoly, externalities, and public goods. Economists expect public activity in situations of monopoly because in these situations a single firm can produce less of a product and sell it for a greater price than would be happening at market equilibrium. This can result in a misallocation of resources throughout society, and social welfare is not maximized under these conditions (Neiman, 2000: p. 73).

Externalities are also an important justification for government involvement. The criterion of efficiency assumes that the only parties affected by transactions in the market are those involved in the transaction. However, many transactions cause outside costs or benefits to be incurred, which are not taken into account when determining price. Externalities can be positive (involving external benefits) or negative (involving external costs). Externalities also result in a misallocation of resources, with positive externalities tending to result in too little of a good or service being produced and negative externalities resulting in too much production (Neiman, 2000: p. 73).

Economists also accept government involvement in the case of public goods, which are an example of a positive externality. "If the good exists at all, it serves all, not just those who have paid for it. This is why payment must be enforced in order to produce the public good" (Offe, 1988). Government involvement secures the production of the public good and ensures that it is paid for by all and accessible to all. There are two features common to public goods: nonexcludability and nonrivalry (Neiman, 2000). It is impossible to exclude people from consuming a public good, so these goods are nonexcludable. Also, one individual's consumption of a public good cannot infringe on another individual's consumption. Commonly accepted public goods include national defense, a common money system, and infrastructure

improvements. In the case of national defense, it is nonexcludable because once the system is in place it is impossible to prevent people from benefiting from it, and it is nonrival because one individual benefiting from defense does not restrict others from benefiting.

Economic Development

Economic development refers to the “process through which, over time, sustained increases occur in the nation’s per capita real income (output), accompanied by significant structural changes that allow for elevated income distribution and large increases in individual economic well-being” (Ezeala-Harrison, 1996: p. 14). Some aspects of the economic structure important to economic development include; the degree of industrialization, the proportion of primary, secondary and tertiary production present in the economy, the degree of labor intense versus mechanized production, the distribution of the labor force, the degree of dependence on foreign trade (Ezeala-Harrison, 1996: p. 11).

Ezeala-Harrison outlines five key objectives of economic development planning. The first is to increase the economy’s rate of growth. The second objective is to increase the GDP. Next, these policies seek to promote a greater level of national consumption. Economic development policies also aim to reduce unemployment. The final objective is to achieve greater equity when it comes to income distribution (Ezeala-Harrison, 1996: p. 222).

Both economic and moral justifications for government involvement are important to understanding current public policy. The use and consideration of both justifications can help to develop a more balanced approach to public policy-making, in which dominant political values of liberty and equality are expressed simultaneously. Acknowledging the power of both of these

values in public policy argument and formulation takes some of the mystery out of policy choices, and may allow more widespread participation in policy discourse.

Part V: The Policy Issue of Child Care: A Short Case Study

Child care is an appropriate case study for the application of moral and economic arguments in public policy. Both moral and economic rationales work to support child care; there are good reasons to argue a moral justification and an economic justification for child care services, especially for low income people. The economic reasons to support child care are especially relevant in the long-term. However, the economic justification for supporting child care leaves out a lot of the important reasons to address this issue for families.

Justification for Government Involvement in Child Care Services

There are many stakeholders in child care, including families and businesses that employ parents. These people have a vested interest in our child care system and will continue to do so, but a role for government still exists. Child care is an issue for government concern both for social welfare and economic reasons.

Child care has many functions in today's society. It supports the well-being and development of children when their parents are away, it allows adult family members to be employed for wages, businesses a wider range of possible employees and government a larger tax base. Abbie Gordon Klein outlines nine separate functions, both manifest and latent, that child care services may serve in United States society today. These functions are:

- ◆ Welfare reform; child care as a service to low-income families, enabling mothers to work and thereby reducing welfare rolls

- ◆ Social service; child care as a social service to low-income families to improve self-sufficiency, focusing on family needs
- ◆ Education; child care as another place to focus on children's intellectual development
- ◆ Liberation-universalization; child care as a service to liberate women, allowing them to pursue other goals although they are mothers
- ◆ Social status; child care functioning as a sorter for social status, maintaining social stratification
- ◆ Social reform; child care as in instrument of reform, a common meeting place where local control would be promoted
- ◆ Economic; child care allows a greater number of people to be employed and participate in the economy, meets the familial need of employment in today's economy, and satisfies needs of particular employers and companies by allowing people to work
- ◆ Socialization; child care as another opportunity to learn the norms and roles in a society
- ◆ Religious; child care as a place to impart religious values and meet the needs of a religious community

While Klein outlined three economic rationales for child care, it is important to note that most of the functions that child care seems to serve in society have little to do with economics, at least in the short term. As Klein notes, "implicit in these nine conceptualizations of child care's function in society are the latent social policy issues of equity and accessibility" (Klein, 1992: p. 24). Child care's function in society cannot be completely examined without reference to the value of equality.

The Moral Argument for Child Care as a Social Service

Child care may act as a foreseeable constraint on individuals' ability to achieve their own goals. Moral responsibility requires that people attempt to ensure that others do not face foreseeable constraints that prevent them from completing their own projects. A lack of access to quality affordable child care for low-income families' can limit their opportunities for self-sufficiency. Also, families may need child care even when they are not working for a wage in order to improve their opportunities to do so by learning skills. Child care is a necessary service in today's economy, and thus constitutes a legitimate need of low-income families in the United States. We are socially responsible for ensuring access to quality affordable child care because it is a need requiring assistance, and those who need it are vulnerable to exploitation and coercion without it.

The issue of child care was one issue behind the creation of "welfare" in the United States. The Aid to Families with Dependent Children (AFDC) program, first called Aid to Dependent Children and since re-titled Temporary Aid to Needy Families, was part of the Social Security Act of 1935 and was the formalized and state sanctioned version of mother's pensions, aid to low-income women to allow them to keep their children with them and raise them in their own homes (Stoltzfus, 2003). Mother's pensions came out of the perspective of the growing field of professional social workers in the early 1900's that poor mothers, and their children, would be better off if given grants by the state to be able to afford to raise their children. "Observing the difficult practical reality that many women faced in combining wage earning and childrearing, they questioned whether poor women should be in the workforce at all" (Stoltzfus, 2003). It is important to note that low-income women were working for wages before welfare programs came into existence. For low-income women the ability to stay at home and raise

children was created and maintained by the state, because of a belief that it was better for children and families if mothers stayed home.

According to Carole Pateman the welfare state serves the patriarchal role of retaining the status quo of women's work, the separation between the sphere of women and that of men (Pateman, 1989). However, welfare does allow women with children a certain level of autonomy and independence, at least from the coercion of men on whom they may otherwise rely for support. The support of the status quo for women inherent in welfare policy hampered the creation of a good system of child care to support the self-sufficiency of low-income families by creating an atmosphere that said it was a mother's (or family's) *choice* to be employed for a wage. Over time there has been a growing realization that it is not a choice families make, but an economic necessity for all adults to be involved in the labor force.

The transitions of our economy, changes in reproductive and health technology that make the reproduction period a smaller portion of our lifespan, and the desire of women to be engaged in the labor force have since accelerated the participation of women in the formal economy. Due to these changes the question of whether children were better served with mothers at home or with self-sufficient families became less relevant over time. The focus in public debate over child care in the 1960's through the 1980's remained the appropriateness of institutional care for children versus care by mothers.

By the 1980's, however, it had become clear that there would be no return to the more traditional division of labor practiced in the 1950's. Women were needed in the labor force; as a stimulus to economic growth, to keep up with their families' growing consumption, and because women were driven to have careers and a life outside family. Late in the 1980's the focus of public attention regarding child care shifted to the availability and quality of child care services.

Now that the economy required the participation of all adult members of the family in the labor force, the focus shifted to how best to meet these changing needs of the American family (Klein, 1992: p. 7).

The shift in our welfare policy to a focus on personal responsibility, first with the Family Support Act of 1988 and then with the introduction of the Personal Responsibility and Work Opportunity Act of 1996, reflects the growing conviction in the United States that families are better served if they are self-sufficient than depending on government resources. Funding for child care programs was increased as a part of welfare reform in 1996, because lack of affordable quality child care is recognized as a serious barrier to employment, and thus self-sufficiency, for low-income people.

The five moral values presented by Peters and outlined earlier are preservation of life, preservation of individual autonomy, truthfulness, fairness and desert. High quality child care as a social service for low-income people preserves the individual autonomy of low-income adults and promotes the autonomy of low-income children by promoting learning and development which will eventually allow these children to design and reach for their own goals. The provision of high quality child care for low-income children is also a matter of fairness, giving these children the same well-trained care, personal attention, and attention to development that would be received by higher income children in child care.

Child care is morally justified as a social service because it allows low-income people a step toward equality of opportunity for realizing their own goals and projects as we are morally and socially supposed to ensure.

The Economic Argument for Child Care as a Social Service

Child care has both long and short-term economic benefits. In the long-term, quality child care can provide an opportunity for engagement of children in positive learning and socialization experiences. Children who experience high quality care may be better prepared for school. Early success in school can continue, especially when accompanied by continued quality care and quality schools, and can better prepare young people to be engaged productively in the labor force. Quality child care can convey advantages that will eventually improve the quality of the labor force, and therefore improve society's productive capacity. The entire economic system, and everyone it touches, will benefit from the increased quality of the workforce.

The long-term benefits of child care fit the economic definition of a public good. These benefits are both nonrival and nonexcludable. The long-term benefits are nonrival because one individual benefiting from the increased quality of the workforce does not infringe on another individual benefiting. The long-term benefits of high quality child care are also nonexcludable, because it will be impossible to exclude people from benefiting from the increased quality of the workforce.

Child care also has many short-term economic benefits. For instance, child care services allow more adults to be engaged in employment for a wage. This allows more opportunity for self-sufficiency, especially for single parents who may be unable to be engaged in the labor force if child care were not available. Many families rely on all adults present in the household earning a wage. Businesses also benefit; both from having a wide range of possible employees and from less absenteeism and the increased productivity of workers with high quality child care.

The child care industry itself is also important economically. Child care has direct, indirect and induced effects on an economy. The child care industry earns income through

providing child care as a service (direct economic effects). The industry also must purchase supplies and materials from other industries throughout the economy in order to provide child care (indirect economic effects). Finally, workers in the child care industry take home wages, which they then spend throughout the economy (induced economic effects).

There are two aspects of market failure that accompany child care as an industry. First, demand for paid child care does not accurately reflect the child care needs of today's families. Low-income families often find paid child care unaffordable if subsidies are not available, and they rely on less formal, and often lower quality, child care arrangements in order to cut costs. If child care options were of higher quality and were more affordable we would probably see even more low to middle income people enter the workforce because working would pay if they did not have to spend their entire wage on child care.

The second aspect of market failure in child care is the distribution of quality child care services. Willingness to pay is taken as the economic measure of how important a product or service is to a consumer. However, quality child care can provide more benefits to a low-income child, whose parents may have less time to spend on socialization and learning, than to a high income child whose parents have managed to transfer large amounts of social and cultural capital. These services are more important to those that truly need them to be employed and self-sufficient, but these are often not the people who can afford to purchase high quality care for their children.

Child care also acts in a supporting capacity for economic development, enabling the adaptation and growth of our economic structure into today's information economy. Economic development also supports child care because more families are dependent on the service to

maintain full employment, as shown above by the evolving moral arguments regarding child care.

The child care issue illustrates why it is important to maintain a balanced approach to a policy issue. Under the framework of economic methods and the value of efficiency, the very personal aspects of this issue are simplified into a matter of dollars and cents. The monetary aspect of the issue does not compare to the importance of the developmental aspect of child care for children or to the autonomy aspect of child care as a social service for low-income adults. It is only through stepping outside of economic methods and looking at the social indicators and the situations of families that an understanding of these important effects of child care can be reached.

Some people may ask why it is important to consider the moral justification for providing a social service like child care if it can be justified economically. Economic arguments can be an easy answer to tough questions that may otherwise take up more time and energy in the public debate. However, as soon as the issue is framed economically it becomes easier to leave out the other important implications of child care policy, because the issue has been framed pointing to the importance of the economic impacts, although those impacts are trivial when compared with the importance of meeting the developmental needs of children and improving the autonomy of families. While child care can be supported economically as a social service, framing it that way makes the needs of families a secondary consideration, which should not be the case, especially in social welfare policy.

Part VI: Conclusion

The Implications of A Focus on Economic Arguments

The focus on economic arguments for public policy has led to a dependence on the professional political arena, where these arguments are formulated and examined. The use of economic arguments and research methods, while promoting efficiency as the dominant value in policy analysis, have also leveled the playing field in some ways between different interests in society. Economic methods put all policy alternatives in a common language, and this has allowed social welfare interests to compete on equal footing with business development interests seeking funds for their projects.

The promotion of efficiency as the dominant value we judge public policy alternatives on means that the needs and welfare of people are often a secondary consideration in policy-making. Distrust of the political system led to an emphasis on "proving it" through economic arguments, and this has led to further distrust of our political system, which is not seen as promoting people's well-being through policy. If policy-makers are not truly engaging in what policy means for people but instead what focusing on the economic and political implications of policy, we cannot expect trust in our public institutions to grow. We also cannot foster a new moral code that will allow us to be more productive and trustful if we continue to rely so heavily on arguments based on interest.

A balance must be struck between the application of moral and economic arguments. Moral and economic arguments each have their own importance, and neither should be eclipsed in our approach to public policy. Morality must come into play in public policy, because we cannot consider ourselves moral beings without holding our government and policy to moral

standards. The political situation of the country today, and in the future, has been created through choices on the part of the public and policy-makers. The system can only be as moral as our goals for it. If our major goal is to create *economically efficient* policy, as seems to be the case with policy formulation today, we are not promoting a moral system, but an efficient one.

What is in Store for the Future

In order to fully address problems of dependency, unmet needs and the requirements for rational autonomy, it is crucial that the focus of public policy be on providing solutions for the structural and societal issues that lead to dependency. An incremental or procedural approach to policy analysis fails in this goal, and becomes merely a band-aid for the societal ills we see today, doing nothing to prevent the reoccurrence of dependency.

For Fukuyama, "Social order will not simply be reconstituted through the decentralized interactions of individuals and communities; it will also need to be reconstructed through public policy" (Fukuyama, 1999: p. 274). We cannot rely on individual morality; we must also be moral in our public institutions and our public policy. In order to accomplish this task, we must reclaim policy through careful thought about all of the implications of policy, not only the economic. It is important to note that Fukuyama sees the role of public policy as encouraging both the action and the inaction of government bodies. Governments need to be active through police powers and educational services, and they can support the activities of citizens and communities in creating social order. However, it is also important to Fukuyama that public policy is not counterproductive to recreating social order, that government stay out of the way of citizens and communities trying to create their own social order.

The foundations of social order throughout history have been hierarchical and imposed. Fukuyama argues that human communities have always been based on principles that extend a restricted radius of trust, such as family, kinship, dynastic principle, sect, religion, race, ethnicity and national identity, what Putnam would have called *bonding* social capital. These foundations for social order are implicitly irrational however, because they assume a homogenous society that does not exist. We must all cooperate outside the radius of trust established by family, national identity or ethnicity; *bridging* social capital must also be present.

A new foundation for social order is called for. Fukuyama argues that what the Enlightenment really produced was an understanding that “Only a political order based on the universal recognition of human dignity – of the essential equality of all human beings based on their capacity for moral choice – could avoid these irrationalities and lead to a peaceful domestic and international order” (Fukuyama, 1999: p. 280). A new moral code will emerge that allows us to reconcile the challenges of the modern world with our needs as a community. However, a new moral code requires us first to actually think about the moral implications of our actions and policy, and then to foster the transfer of this new moral code to the next generation.

There may be a backlash against the prevalence of economic arguments only as a new generation takes political control. Political cohorts are heavily influenced by the time period they were raised in. People who lived through trying economic times, as evidenced by those who lived through the depression, are likely to always consider their material security, and to have an underlying fear of being deprived of basic necessities. Later generations in the United States have been materially secure enough to be concerned with things like self-actualization. The environmental movement and civil rights movement can be seen as evidence of a post-

modernist leaning in the politics of younger generations. It is possible that as a society we have reached a state of security where we no longer have to be continually concerned with our basic needs and can focus instead on whether other people's needs are being met. As future generations take over the politics of our nation, it is likely that moral arguments for public policy will return to the forefront of our national debate.

A more balanced approach in public policy discourse, including both moral and economic arguments for public policy, would foster policy more suited to current norms and values. Balance between moral and economic arguments would also make policy more responsive to the needs and preferences of the public that policy is designed to serve. The economic arguments holding sway in public debate today provide a needed rational calculation of the costs and benefits of policy in the language of efficiency. It is time to take the next step and evaluate the merits of policy on broader terms, by considering moral values and implications of public policy as well.

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