

CHAPTER III

AN ANALYSIS OF SOCIAL SCIENCE APPROACHES TO PUBLIC POLICY EVALUATION

Introduction

Our next task is to apply the conceptual framework formulated in the previous chapter to the analysis of social science approaches to public policy evaluation. The scheme will be applied first to two clusters of approaches: (1) approaches which are based on legal theorizations and which can be used to evaluate the legality of public policies, and (2) approaches which are based on accounting research and applicable to evaluating accounting and auditing of public policies. Both clusters include approaches which start from broadly different basic assumptions and imply very different methods of evaluation. Second, we shall use our conceptual framework for analyzing and metaevaluating three single approaches: (3) a contingency approach perceived as a means of evaluating organizational arrangements of public policy implementation, (4) cost-benefit analysis, considered here as a means of evaluating the efficiency of public policy implementation, and (5) a causal modeling approach perceived as a means of evaluating the effectiveness of public policies. The latter three approaches are each based on a single type of theorization, and they incorporate standard methods and criteria of evaluating policies: their implementation, their efficiency, or their impacts.

We could have focussed our meta-analysis more narrowly on approaches specifically designed for the purposes of public policy evaluation. However, this would have caused two problems: first, many such approaches are designed to analyze the *impacts* of public policies only, but we wanted to consider a wider range of approaches; and second, the

presuppositions and implications of the method-based approaches are usually rather technical, and we wished to have a greater variation in this respect. The approaches of our "sample" thus cover a wide range of orientations to public policy evaluation; together they also cover more or less exhaustively the traditionally defined cycle of public policy implementation from the very initiation of this process (legal norms as decisional outputs) to the assessment of the final effects of the policy in terms of its objectives (the evaluation of policy impact).

There are, however, still other reasons for choosing our "sample" of the following metaevaluation. The most common - and usually implicit - conception of what public policies are about is that they are action (e.g., allocation of resources, measures of regulation) controlling second-order consequences of other action in society. These second-order consequences may be positive or negative, and public policies are supposed to "level" the benefits and the positive consequences, and to prevent the negative consequences (or at least to level their costs). However, the control of the second-order consequences may have its own unintended consequences: e.g., irrationalities in policy planning, or waste, fraud and abuse in policy implementation. Consequently, policy implementation may pertain to the "content" of public policies, i.e., to the effects of the policies in controlling the second-order consequences; or to more technical problems of preventing the unintended consequences which may appear in implementing the policies. In the following analysis, two of our five cases are clearly concerned with the content: cost-benefit analysis and the causal modeling approach. The other cases (the cluster of legal approaches, the approaches to accounting and auditing, and the contingency analysis) take the "goals" of public policies for granted; they are more interested in the "technical" control of the public policies themselves in order to prevent their unintended consequences. All the approaches interest us here only from the following perspective: how these approaches focus on the control of the second-order consequences and the unintended consequences; what assumptions they make in order to analyze and evaluate action aiming at the control of these two types of consequences; and what second-order consequences these *assumptions* have on the evaluative discourse (i.e., how the resulting evaluative discourse "makes

the world obvious", adjusts the social relations grounding this "obviousness", and leads to the suppression of discourse).

As regards the chosen sample, one can, of course, argue that the legal approaches and the accounting approaches are not social science approaches proper. However, they are approaches which are most frequently used in actual public policy evaluation; and such as these approaches are found in the field of public policy evaluation, they definitely are approaches to the applied study of public administration.

We shall analyze the two clusters of approaches by first outlining in general terms how their different types are actually applied in public policy evaluation, i.e., what is the general implicit "meta-frame" of their theorizations concerning public policies. Second, we shall identify their presuppositions and implications and the potential perpetual feedback from the former to the latter (the process of finalization); and third, we shall assess, in terms of our conceptual framework, what effects these presuppositions, implications and their mutual feedback may have on the suppression of discourse of the two types of policy evaluation. In analyzing the three other more limited approaches, we can proceed more directly to identifying their presuppositions, implications and finalization processes as potential sources of the suppression of their discourse.

It is important to notice that the following analyses will evolve in terms of "ideal types" of approaches, and we shall be studying the potential suppression of discourse, provided that certain characteristics of these ideal types are actualized. We shall not automatically "condemn" the approaches to the "damnation" of suppression; we rather suggest that they will go there if they follow a certain course as regards their presuppositions, implications and the finalization of knowledge. Our purpose is to make a first application of the conceptual framework; and in doing that, also to develop the framework further toward more concrete analysis of social inquiry and public policy evaluation. One can in particular expect that the "political" interplay between the "intellectual" evaluator and the "user" of the analysis, and the differential assumptions made by the evaluator about the different actors evaluated, will have to be accounted for in the "abstract case studies" of this chapter.

Approaches to the Evaluation of the Legality of Public Policies

The "evaluation of the legality of public policies" is as such a rather unknown concept in legal research.¹ However, the investigation of the compliance to any legal norm in any individual case is always a case of public policy evaluation; it is also - implicitly or explicitly - application of one or another approach of some legal theorization. Legal norms are always expressions of the "public interest", and as such expressions of goals or means of public policies; and any investigation of compliance with legal norms thus amounts, in a way, to public policy evaluation.

Is there a general frame which can provide a perspective to the evaluation of the legality of public policies and render it intelligible for focussed systematic meta-analysis? On the basis of recent legal research we can construct a general conception of how the evaluation of the compliance with a norm (considered here a result of a policy and a means of policy implementation) is actually carried out.² This conception, as a loose conceptual frame, is depicted in Figure III-1.

The figure suggests that the evaluation of the compliance with a legal norm can be perceived in terms of the relationships between an abstract legal norm, an interpreter/enforcer and a given concrete action. The actors bring voluntarily or involuntarily the concrete facts concerning the action to the recognition of the interpreter/enforcer, who compares them with abstract legal facts related by legislation to a legal norm; and this comparison determines whether the concrete action should be subsumed under the legal norm. If it can be so subsumed, action can be assigned certain rights, or obligations may be imposed upon it; and the interpreter/enforcer then "allows" concrete consequences to take place, e.g., "allocates" concrete rights or obligations to actors. Finally, the interpreter/enforcer may examine whether concrete action has really "received its due" by monitoring the concrete consequences and comparing them with the concrete facts (concerning concrete actions which potentially can be subsumed under the norm in question).

We can now notice that the evaluation of the compliance to a legal norm is a multi-faceted problem involving several comparisons and interpretations by actors and interpreter/enforcers, as well as abstract deductions from legal norms to legal consequences. We can also see

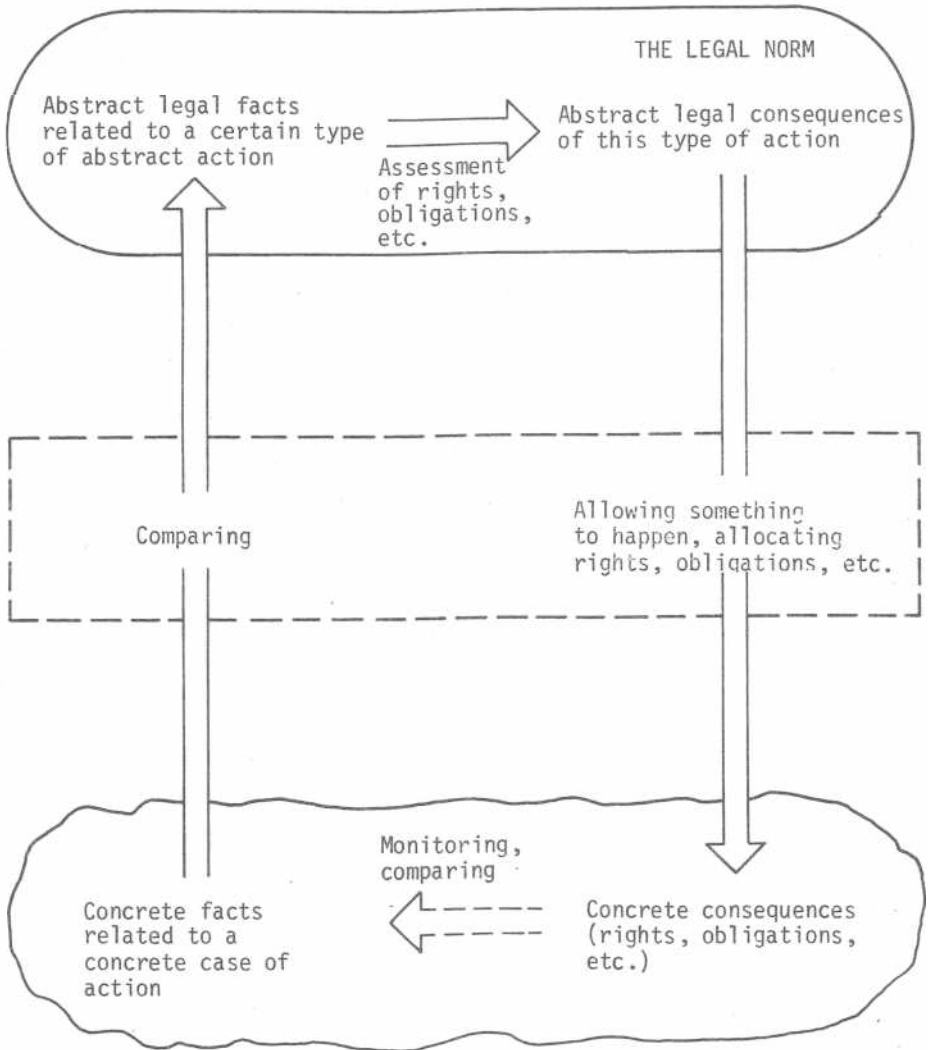


Figure III-1. A frame for analyzing the compliance with a legal norm

that the actual policy evaluation may concern both the actors' action and the interpreter/enforcers' action. The actor is the "target" of the norm (regulated by it, positively or negatively sanctioned by it, well-informed or ignorant about it, complying with it or not, and "honest" or "deceptive" in compliance); and the interpreter/enforcer (by the authorization of other norms which must be complied with) must "proctor" the "right" application of the norm concerning the actor. In this task, the interpreter/enforcer, in turn, may be more or less regulated, e.g., sanctioned or complying, as regards the norms that regulate the interpretation and enforcement.

From the perspective outlined in Chapter II we can start with a "suspicion hypothesis" that the legal norms and systems of interpreting and enforcing these norms are "reified" consequences of mutual understanding; and that the process of comparing and interpreting the norms first by the actors and then by the interpreter/enforcers are bound to give rise to relations of seeming mutual understanding (such as established interpretations of legal norms and legal conventions) and to "socially adjusted" social relations (such as legal institutions). And, consequently, the investigation and assessment should begin from exploring the legal discourse between the actors and the interpreter/enforcers, indicate the presuppositions and implications of the discourse, and lead to suggestions for dissolving the potential "reifications" and "seemingness". However, the outlined course of inquiry is too general for our purposes; the elaboration proper of "critical" legal theorization which would investigate these issues in detail is a task beyond the scope of this study.

Despite the above limitations we can easily notice that the frame of Figure III-1 is in itself a characterization of such legal approaches as definitely may tend to suppress the discourse of public policy evaluation which these approaches may wish to advance. The frame can in fact easily accommodate all four of our types of "strong combinations" of presuppositions and implications outlined in Table II-2. Thus there may be "macropositivist", "naturalist" legal theorizations, which assume that legal norms are expressions of a collectivist all-regulating legal system; here rules and practices which prescribe how actors and interpreter/enforcers should act are considered logically derivable from this system (perhaps codified and maintained as an unambiguous source of norms). There may also be "micropositivist" naturalist theorizations,

which assume that legal norms are "necessary" generalizations of individual actions; these generalizations maintain action and its social support and consequences "efficient"; and their "efficiency" continuously "tested". Third, there may be, within the frame of Figure III-1, "macrohermeneutic" theorizations, which start with a given "collectivist" legal system, but emphasize its inherent meanings, their interpretations by actors and interpreter/enforcers, "right" compliance with legal norms, and the enforcement of this compliance on the basis of the elucidation of the "right" meanings. Finally, there may be "microhermeneutic" theorizations which start with the idea of the situational interpretation of legal norms and the efficiency of action achieved by this interpretation.

An investigation of the legal approaches and their applications to the evaluation of the legality of public policies indicates that their focus is on *finding out to what extent the actors and the interpreter/enforcers have complied with the relevant legal norms*, in particular *those concerning procedures of policy implementation*. This indicates that the approaches are "split": they adhere to different kinds of assumptions as regards the actors, and as regards the interpreter/enforcers; one gets easily the impression that this split is so wide that it may penetrate all the presuppositions and all the implications. Here, the actors are often conceived of in "positivist" and "naturalist" terms, and the interpreter/enforcers, in turn, in terms of "hermeneutics" and "antinaturalism". Consequently, the mere analysis and assessment of the evaluation which concerns only the actors - as is the commonplace in many methodological analyses of legal research - is not sufficient for our analysis. There are two further complications: first, not all the approaches may make the crucial split in the same way, and some of them may try to account for both the actors and the interpreter/enforcers in rather similar terms; second, there may be both actors and interpreter/enforcers on many hierarchical levels, and the higher the level, the more "hermeneutic", "antinaturalist" and "micro-oriented" the presuppositions and implications may become.

Analysis of the ontological presuppositions of the legal approaches, as regards the actors, reveals "determinist" presuppositions about the overruling nature of the legal order and the passivity of individuals

who are supposed to adapt to this order. One can also find examples of strong "collectivist" presuppositions which emphasize the self-sufficiency of the legal order and derivation of norms of social action from this order. The determinism and collectivism is on the theoretical level defended by references to: (1) a popular sovereign's (e.g., a legislator's) intentions; (2) legal subjects' internalized beliefs in the legitimacy of the legal order; or (3) a strict requirement that all social actors submit themselves to the rules of the legal order.³ However, the determinism and collectivism have also a reverse side: an implicit "relativism" and "atomism". Without the relativism (in the sense of Chapter II), the actors could not be considered responsible for their deeds; but this relativism usually concerns even more the interpreter/enforcers (although some approaches have also strongly emphasized the limits the legal system attaches to their powers). Without the atomism, on the other hand, there would be nothing to bind "collectivistically" together, neither actors as "believers" in the legitimacy of the legal order nor different interpreter/enforcers; but here, too, the atomism may be diluted by assumptions stating that the interpreter/enforcers are also strictly bound by legal norms.

The above ontological orientations make the approaches we analyze to fail to account for the spontaneous production and reproduction of legal norms and legal system through intentional action. They also lack the account of the unintended consequences of action which may make actors "hostages" of their "social relations of mutual understanding"; and they lack the account of the "social relations of mutual non-understanding", which ultimately ground legal systems. Compliance with law produces and reproduces both types of social relations and keeps the laws "valid" (i.e., "in force"). It goes without saying that such legal approaches and their applications also tend to neglect to analyze how actors subsume themselves under legal norms (e.g., because of ignorance, fear of coercion, or opportunism).

In the epistemological "encoding" of their own referential discourse into communicative discourse (and in the simultaneous support given to the encoding of the legal argumentation to such political and administrative discourse as public policy evaluation), the legal approaches may subscribe either to positivist or hermeneutic presuppositions.⁴ Some of them assume "positivistically" that the condition of the

validity of legal norms is to be found in the instances of their application. This positivism may also have "instrumentalist" features, e.g., when the role of legal norms in maintaining predictability and legal certainty in public affairs is emphasized; or when legal norms are explicitly considered "finalized" means to public objectives.⁵ Further, the positivist "falsificationism" of some legal approaches suggests that "truth" is found in the traditional "adversary process" of argument between two parties and an arbiter. On the other hand, some legal approaches argue "hermeneutically" that legal norms have a "transcendental", "natural law" basis: grounds of unquestionable meanings are considered to stem altogether from outside legal discourse.

In the above "epistemological encoding", we can encounter traces of the split of the legal approaches as regards the actors, on one hand, and as regards the interpreter/enforcers, on the other. E.g., the interpreter/enforcers decide what is to count for an instance of application of a legal norm and set requirements for striving toward predictability in public affairs. They use legal norms as means to their objectives; or they are "bearers" of the "natural law basis" of legal norms. The actors, on the other hand, may be not much more than sources of "data" or "things" supposed to conduct in predictable ways, according to established objectives, or in concordance with the principles of natural law. Traces of the split can also be encountered in hierarchies of actors and interpreter/enforcers; those higher in the hierarchies are always given more "hermeneutic" discretion, while the latter tend to be reduced to "cases" dealt with on the higher hierarchical levels.

As far as the possibilities to produce and articulate normatively binding evaluative knowledge through social inquiry are concerned - which, of course, is of crucial importance for public policy evaluation - the application orientation of the legal approaches may be either "objectivist" or "subjectivist". However, very often the orientation is a mixture of the two extremes. The attitude as to the evaluative information about the actors is "objectivist": the actors are supposed to comply rather "mechanistically" with the "will" of the "interpreter/enforcer complex"; and "evaluative research" only gives advice as to how they can be made to do that. On the other hand, the position of the interpreter/enforcers is sometimes perceived in the

very own "subjective" terms of these "proctors" of the legal system and the actors. The resulting view of public policy evaluation emphasizes the exhaustiveness of the legal system and the "omnipotence" (though a regulated omnipotence) of the interpreter/enforcers - and "reifies" the actors supposed to comply with legal norms. One could here, of course, make a critical point about the asymmetrical treatment of the actors and the interpreter/enforcers, respectively. However, from our perspective it is more important to emphasize that both the hermeneutic and positivist stands contribute jointly to the production and reproduction of existing social relations of mutual understanding such as they have been "socially adjusted" in legal norms, systems, institutions and conventions. There are consequently reasons to assume that the suppression of discourse evolves "rather naturally" from these stands.

In their accounts of the "social", the legal approaches are split in an analogous way: their position is more "naturalist" as concerns actors and more "antinaturalist" as concerns interpreter/enforcers. This split emphasizes the reification ("naturalization") of the actors and the elevation ("supernaturalization") of the interpreter/enforcers; here, we have to do with the "mythical" level of the legal discourse. However, the naturalization may also expand to the interpreter/enforcers as far as "positivized" or "actually applied" legal norms and absence of discretion in interpretation are stressed. All the above stands produce and reproduce "quasi-nature" by "gliding" on the surface of the "obvious" and "reified" (such as existing legal norms, their established interpretations, unquestionable authority of interpreters). Here, too, one can assume that discourse is adversely affected.

A variant of the split between actors and interpreter/enforcers can be found in the relation between levels of analysis of the legal approaches. First, the approaches may incorporate "macroreductive" features: they may try to derive legal norms and their relation to actors' conduct from: (1) a "basic norm" establishing the conditions of existence of a legal system; (2) universal principles of "natural law"; (3) the will or intent of a "sovereign" (a people, a legislature, or a political vanguard); or (4) principles of the logical consistency of the legal order.⁶ Second, "microreductive" tendencies may be represented by attempts to derive the origin of legal norms from the psychological dispositions

of such interpreter/enforcers as judges.⁷ Even though "macroreduction" and "microreduction" may often coexist peacefully, different approaches may lay different emphasis on the two varieties of reduction: some approaches suggest the macroreduction in terms of "right" interpretations of legal norms from the above four sources; or the microreduction in terms of compliance with legal norms based on actors' "psychological aversion" of uncertainty. From the point of view of the production and articulation of knowledge in discourse, the above suggests uniform conclusions: microreduction "rationalizes" the quasi-natural obvious and reified and neglects its analysis, and macroreduction "petrifies" it by seeing it as totally determined.

The legal approaches considered above may have many types of implications: they may advice how the capability of policies to produce intended consequences can be enhanced; how policies can be supported or ameliorated through an increased understanding of the intent of a legislator or an increased understanding of the meanings of the norms in a given "cultural" context; or they may provide legitimization of the "ritualistic forms" of policies, policymaking, interpretation of laws and enforcement of laws. No doubt the approaches we are discussing include presuppositions and implications which are conducive to artificial closure of theorization and the suppression of the discourse of their applications to the evaluation of the legality of public policies. However, the closure and suppression does not follow from any pure "strong" combination of presuppositions and implications distinguished in Table II-2, but from a mixture of various assumptions concerning actors and interpreter/enforcers.

In general, the implications of the approaches may lead to the political and administrative finalization of the approaches and into their reification into "social technologies" and "legitimatory practices". This is of course in part self-evident, because applied legal research is a "technology" providing interpretations of existing norms and suggestions for new norms. Such legal research also legitimizes the political and administrative system intertwined with the legal system by suggesting legally specified legitimate ways to interpret and apply existing norms and create new norms. However, there are "blind spots" in this conception of legal research; the research as social inquiry may be a legitimatory practice in a more concealed way, too. Here, the

mere existence of legal institutions and research supporting them creates the "seemingness" that something is actually done in the interpretation and enforcement of old norms and the creation of new norms; and where it seems that something is done, it may seem that a lot is done. Our framework also suggests that legal systems and establishments of its professionals (including the "judiciary") can be considered "monopolies of symbolic violence", which tend to leave rather little discretion for their members if they want to remain members (or at least if they want to build a successful career). Finally, our analysis has hopefully provided insights into the mechanism of the production and reproduction of the legal approaches and their applications as well as into the mechanism's effects on the production and reproduction of the suppression of discourse. Still, the analysis has at best been merely a sketch, and it should be supplemented by concrete cross-sectional and historical investigations.

Approaches to the Evaluation of Accounting and Auditing of Public Policies

Even though the concept of the "evaluation of accounting and auditing of public policies" is rather unknown in accounting research, such evaluation is of a central concern in applications of the discipline of accounting to public policymaking: the investigation of the adequacy of economic information produced and transmitted to decision-makers. The area of accounting research - especially as far as public policy evaluation is concerned - can be clarified by a conceptual frame (Figure III-2).⁸ The frame emphasizes the nature of accounting research as "meta-analysis", which makes its *observations* on level of *substantive theorization*: its target is accounting events which have already been processed into a certain frame, e.g., a frame of economic theories or decision theories.⁹ Thus the referential discourse of accounting research evolves on the same level as the communicative discourse of the substantive theorizations.

The frame suggests that public policy evaluation as regards the adequacy of economic information is based on a relationship of "accountability" between an accountee/auditee and an accountant/auditant;

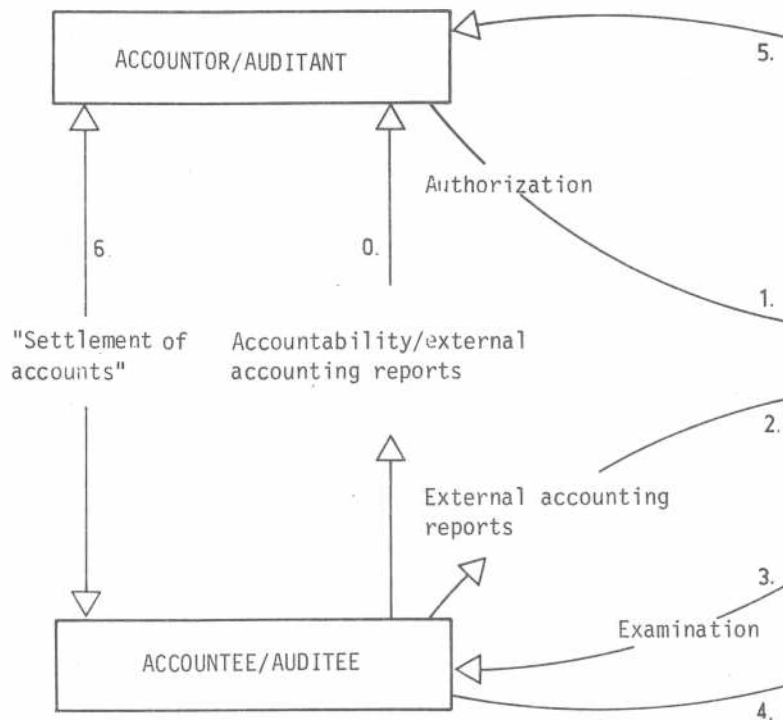
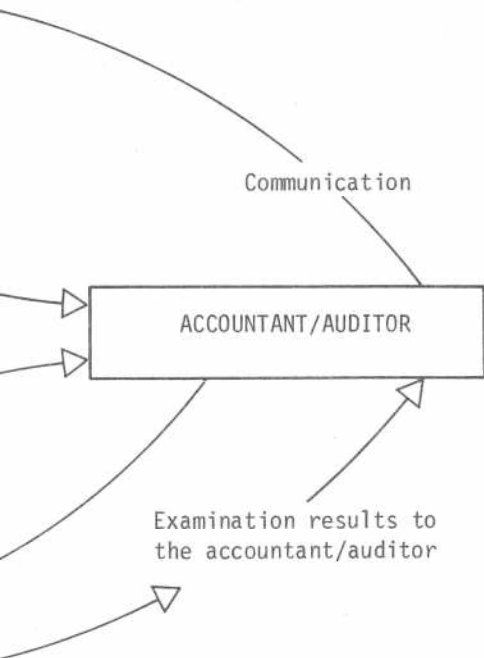


Figure III-2. A frame for analyzing accounting and auditing



this relationship entails the formal answerability of the former to render an account of its dealings to the latter. One can expect that the accountability is based on the responsibility of the accountee/auditee to the accountant/auditor for some specified or implied performance;¹⁰ this responsibility may concern, e.g., the management of property or the implementation of a public policy or program. In practice the triangle accountant/auditor-accountee/auditee-accountant/auditor is fundamental for the evaluation of the accounting and auditing of public policies. Here, first, the "actor" (the accountee/auditee) renders accounting and other information to the accountant/auditor. Second, as far as the latter does not consider the actor's direct proof of accountability sufficient, an accountant/auditor may be authorized to examine the information rendered by the accountee/auditee. (We bracket here the common possibility that auditing in particular may concern not only information, but also action, because such auditing becomes evaluation of legality, organization structures, efficiency or effectiveness, which are not our concern in this section.) Third and fourth, the accountant/auditor investigates the accounting and other information which the accountee/auditee submits and, five, communicates the findings accompanied by conclusions and expert suggestions to the accountant/auditor. Finally, it is up to the accountant/auditor to decide if it has received adequate information and if it can "settle the accounts" with the accountee/auditee.

We can see that the "basic structure" of the evaluation of accounting and auditing is no less complicated than that of the evaluation of the compliance with a legal norm. We can also see that the accountant/auditor may not only evaluate explicitly the information produced and articulated by the accountee/auditee but, too, implicitly the needs for information of the accountant/auditor. Here, it is important to draw out a further complication: our frame is purely formal and therefore "neutral" as regards the basis of accountability; in government auditing this basis very often is legal norms prescribing government accounting and other reporting. However, the basis of the accountability may also be "decision-usefulness" (often emphasized by academic accountants). Finally, it is possible that considerations of legality or usefulness or both also concern the accountant/auditor; e.g., traditionally the competencies and tasks of government auditing have been prescribed by legal

norms. In more recent times, however, auditing has more and more become a "decision support function" for legislatures and highest government executives.

Our conceptual framework presented in Chapter II suggests that a comprehensive investigation of accounting and auditing of public policies (and of social science approaches relied on in this function) should commence with the hypothesis that accounting and auditing systems are reified unintended consequences of action based on mutual non-understanding of the grounds of the action. Here, the processes of imposing accountability, transmitting accounting information, authorizing accountants and auditors, examining and reporting by the latter, and settling accounts, give rise to relations of "seeming" mutual understanding (such as accounting conventions and principles of "good accounting and audit practice") and to "socially adjusted" social relations (such as professional establishments of accountants). This implies a need for (and a possibility of) "critical accounting research", which exceeds the scope of our discussion in this section. However, the case analysis of Finnish government auditing in the next chapter will take some steps in the direction of such research.

The frame of Figure III-2 suggests that a seed of the potential suppression of discourse is immanent in approaches to the evaluation and accounting of public policies as far as the contributions of accounting research are concerned. However, the "pure formality" of the frame leaves open the possibility that more than one "strong combination" of the suppressive presuppositions and implications will be found in the approaches. The heavy "micro-orientation" of accounting research suggests that predominantly "micropositivist" and "microhermeneutic" views will be found; but the fact that government accounting and auditing are often based on legal norms indicates that this may not always be the case.

The source of the methodological orientation of the accounting theories can be analyzed in part in similar terms as we analyzed the legal approaches. However, the "substantive microtheories" of economic action and decisionmaking, often grounding the accounting theories, remain a problem for our analysis. In principle, the investigation of these substantive theories is a task beyond the scope of this study; but we must emphasize two points. First, the "micro-oriented" accounting theories may be connected with several kinds of economic theories

and decision theories; and second, their connection may assume many forms: at the one extreme, accounting theories keep a distance from the substantive theorizations (microeconomics suffices as an example), and at the other extreme the accounting theories are totally dissolved to the latter theories (some applications of information economics in accounting research suffice as an example).

Before proceeding to detailed examination of the accounting approaches, we must make explicit the focus of the approaches and their applications: they try to find out to what extent *accountee/auditees*, and perhaps also *accountor/auditants*, have complied with legal norms and conventions of adequate and useful accounting, especially as regards accounting procedures. This focus suggests that we must find out if the approaches are split in an analogous way as the legal approaches as concerns actors, and as concerns interpreter/enforcers. We can expect that where government accounting is regulated by legal norms down to its minor details, the split is exactly as wide; but where considerations of usefulness dominate, the "micropositivism" and "microhermeneutics" typical of business accounting will have to be taken into consideration. In order to avoid duplication with the argument in the previous section, we shall below emphasize the narrower split.

In the approaches of accounting research to the evaluation of accounting and auditing of public policies, "relativist" and "atomist" presuppositions are common where "decision-usefulness" is emphasized. Thus the autonomy of actors - and of course their superiors - is emphasized; the actors are seen to act autonomously in a "random aggregate" of actors. Here, actors' utilities as bases of action are emphasized; markets (e.g., intragovernmental "quasi-markets") are seen to regulate interaction between the actors and between them and their superiors; and there is a predominance of economic events measurable in monetary terms.¹¹ But we can also find "determinist" and "collectivist" presuppositions in theorizations of accounting and auditing concerning the traditional "nightwatchman" dimension of the state; here, e.g., the compliance of actors with appropriations or the regularity of the corresponding accounting and auditing are emphasized.

The above presuppositions - be they "positivist" or "hermeneutic" - lack in systematic analysis of the production and reproduction of accounting and auditing systems, laws, principles and conventions through intentional action. The approaches also fail to examine how the unintended consequences of the action (including the consequent "reification" into "ritualistic forms" of action) constrain the actors' and their superiors' action and the formation of intentions for this action. Here, the approaches "consign to silence" the production and reproduction of "seeming" mutual understanding (e.g., accounting conventions) and pertinent "socially adjusted" social relations (e.g., accounting systems and professional establishments). Consequently, the approaches take for granted at least (1) actors', their superiors' and the accountant/auditors' intentions to produce or procure "information", whether this production or procurement is based on legal norms or not; and (2) the social context which establishes the relationships of accountability (e.g., property and authority relations and relations of debt and employment). There are reasons to assume that the suppression of discourse evolves "rather naturally" from these stands.

In encoding their argumentation in terms of accounting and auditing into political and administrative discourse as policy evaluation, the approaches may subscribe either to positivist or hermeneutic presuppositions. Some accounting theorists have adhered to the positivist presupposition that auditing consists only of recalculation of accounts with an increase in the belief in the "fairness" of the accounts if the same result is repeated.¹² There have also been attempts to develop "general accounting principles" through induction.¹³ In the both cases, the equating of empirical generalizations and normative principles discounts the role of intentionality in the production and reproduction of rules and norms; inductive codification of "discursive practices" such as accounting or auditing has remained as hopeless as an exhaustive codification of all existing legal norms or all rules of a natural language. "Positivist" approaches of accounting research may also exist in "instrumentalist" variants. E.g., the value of accounting information may have been seen to lie in its ability to predict future events such as future financial distress.¹⁴ Here, a tendency to contribute to the reproduction of existing social relations is inherent in the very epistemological presuppositions of the approaches.

Some academic accountants have concluded "hermeneutically" that no single authoritative statement of generally accepted accounting or auditing principles exists, because these principles are not laws of nature. Rather, the principles are founded on agreed upon practices that provide a uniformity that otherwise would not exist.¹⁵ Many accounting theorists, paradoxically also some of those paying tribute to "positivist" conceptions, have held that accounting and auditing as practices and as disciplines have a normative basis in "shared meanings" which entail a commitment to such values as "continuity", "relevance", "objectivity", "consistency", "full disclosure", "quantifiability" and "fair presentation".¹⁶ Thus in this "hermeneutic" point of view, accounting, auditing and the principles they apply have a conventional basis in a normative social order that cannot be inductively reproduced.

We can encounter traces of the split into different "accounts" as regards accountee/auditees and accountant/auditors here, too; but we need not investigate these traces, since they can be found only where the legal regulation of government accounting and auditing is emphasized; we have already analyzed the "epistemological split" of the legal approaches. Thus no doubt both the "positivism" and the "hermeneutics" of the accounting approaches may have adversary consequences for the production and articulation of knowledge.

In the issue concerning the production and articulation of normatively binding evaluative knowledge, the approaches we are examining tend to be split into a "subjectivist" and an "objectivist" application orientation. The highest in the hierarchy of political and administrative discourse are perceived "subjectively" in their own terms: in the extreme, a legislature has little *formal* accountability, and a cabinet which is politically responsible to the legislature may not have to render accounts but to the latter institution. On the contrary, a single public official or a recipient of grants-in-aid may be perceived in an "objectively reified" way as concerns its "degrees of freedom" in reporting to outsiders.

The accounting approaches are also "split" in "accounting" for the "social"; they tend to be "naturalist" as concerns accountee/auditees

and "antinaturalist" (or at least "non-naturalist") as to accountant/auditors: the former "behave" or fail to behave, the latter "intend" or "will". Here, by the way, the accountant/auditor falls somewhere between the naturalist and antinaturalist extremes; on the one hand, he is regarded only as a "mirror" of the accountant/auditor to see the accountee/auditor, and on the other hand, he is perceived as a professional intending to produce and articulate information with the help of his expertise.

A variant of the above split can also be encountered when the approaches we are analyzing try to relate the different levels of their analysis. "Macroreductive" tendencies can be found as references to "generally accepted accounting principles" or "accountability" (these principles are of course "biased" toward the benefit of the accountant/auditor); "microreduction" is represented by "behavioral" analyses of accounting and of decisionmakers' needs for information, and by microeconomic investigations of accounting.¹⁷

The approaches of accounting research we have analyzed may have at least two kinds of implications: they may advise how the capability of policies to produce intended consequences can be ameliorated or increased through better information; or they may provide implicit legitimization of the grounds of policymaking through the imposition of accountability. The presuppositions and implications our conceptual framework has also here enabled us to identify in the approaches are most likely such as to be conducive to the artificial closure of theorization and the suppression of discourse. However, it has not been possible to argue in terms of "pure" approaches representing the "strong combinations" distinguished in Chapter II; and the "real-world" approaches are colorful mixtures of most various assumptions.

Finally, we are also lead to examining the possible political and administrative finalization of the approaches and their reification into social technologies, legitimacy practices, or both. Where accounting and auditing are legally regulated down to minute details, we have nothing to add to the "story" we told of the legal approaches: they are sources both of social technologies and of legitimacy practices. On the other hand, accounting approaches which emphasize "decision-usefulness" may be merely social technologies. However, also there something "concealed" may arise: the approaches may

"deceive" the accountant/auditors to rely too much on them and their applications by concealing "blind spots" behind a sheer amount of "information" generated. This is of course the same result as that of many earlier evaluative investigations of accounting systems.

Our above intentionally and necessarily sketchy examination suggests that concrete cross-sectional and historical analyses are needed here, too; we have only outlined the mechanism of the production and reproduction of the discourse of the accounting approaches, and the effects from the mechanism to the production and reproduction of the suppression of the discourse. The concrete analyses should provide a sharper picture of the relationships between the "mutual understanding" maintained by the legal approaches and that which the accounting approaches produce and reproduce. Those analyses should also examine the nature of the professional and administrative establishments (if any) of government accountants and auditors in different countries; and the "monopolies of symbolic violence" (if any) of the establishments in their fields of expertise. An important topic of further investigations would also be the use of accounting and auditing, their absence, and "anti-accounting" and "anti-auditing" as weapons or as "currency" in political struggle. We shall provide some tentative comments into these directions in the next chapter.

A Contingency Approach to the Evaluation of Organizational Arrangements in Public Policy Implementation

Examination of the fields of administrative research and organizational theory from the perspective of public policy evaluation reveals odd dualities. Many of the theorizations in these fields are not interested in the issues of policy implementation but they aim at "pure" theories of bureaucracy and bureaucratization; or they evaluate these phenomena from some general perspective of societal development with no or very weak links to actual policy implementation. On the other hand, even the "practically" oriented administrative and organizational research has its own duality: we find first the traditional legal approaches or approaches of traditional "science of administration" which try to prescribe "norms" of "good" or "efficient"

administration; and second, we have the rationalistic organizational theories which outline blueprints of efficient organizational design and rational decisionmaking. Both the "traditional" and the "modern" approaches deal seldom with actual issues of policy implementation, but they are interested in "efficient" organizational designs. From our perspective the former approaches come so close to the legal theories that their analysis and metaevaluation would to a large extent repeat our account of the approaches to the evaluation of the legality of public policies; and the latter, in turn, come, as to their basic logic, close to cost-benefit analysis which we shall analyze and metaevaluate later. Between these two approaches - as a "sociologized" version of the rationalistic organizational theories - we have the contingency approach, which, although developed originally for the analysis of private organizations, has also been applied in the field of public administration. There are different variants of this approach, but we shall here focus on the "classical" variant developed by *Paul L. Lawrence* and *Jay W. Lorsch*.

In terms of the Lawrence-Lorsch approach, social inquiry may analyze the problems of public policy implementation from the perspective of the following question: How should organizational structures be designed so that public policies could be implemented in a fashion congruent with the demands of the environment of the implementing organization? The general orientation of Lawrence and Lorsch to this problem is schematically outlined in Figure III-3. It should be emphasized that this scheme is of a different type than those depicted in Figures III-1 and III-2: Figure III-3 is not a frame of general application of different theorizations, but a "summary" of the contingency approach of Lawrence and Lorsch.

The first - and probably the foremost - concept in the approach of Lawrence and Lorsch is nonhomogeneity or *differentiation*, "the state of segmentation of the organizational system into subsystems", or, alternatively, the "difference in cognitive and emotional orientation among managers in different functional departments."¹⁸ The second central concept is *integration*, the quality of collaboration among functionally differentiated organizational subsystems required to achieve unity of effort due to the demands of organizational survival;¹⁹ differentiation gives rise to the need for integration, because it brings about conflict within the organization.

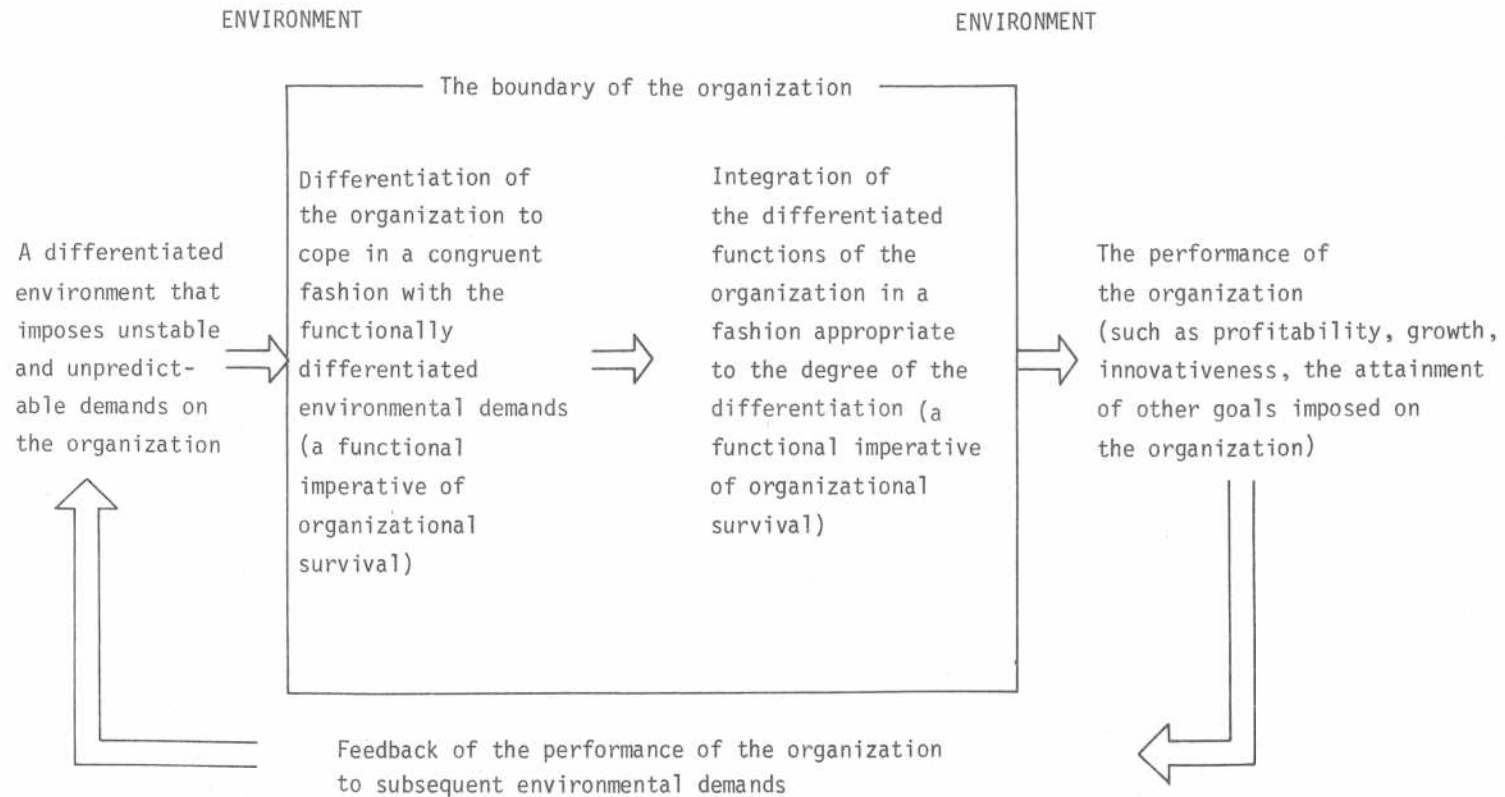


Figure III-3. A "summary" of Lawrence and Lorsch's contingency approach

Lawrence and Lorsch's approach is, however, more than an analysis of intra-organizational structures. Their third central concept is the *environment* of the organization. They suggest that because different sections of the environment are relevant for each differentiated subsystem of the organization, the subsystems tend to develop structural features congruent with the specific subenvironment with which they must cope.²⁰ The internal differentiation of the organization, caused by the relevant sections of its environment, is the functional imperative of organizational survival, and it dictates which mode or re-integrating the differentiated organizational functions is appropriate.²¹

The fourth concept is the *performance* of the organization according to the criteria set by the environment. As examples of these one can mention profitability, the growth of the sales, and the number of innovations by the organization.²² In the cases of nonprofit organizations and public administration one can, of course, substitute standards of social responsibility or the compliance with the "public interest" for these "business criteria".

The authors hold that the functional imperatives of organizational survival make low performance an indication of a need for organizational reform, which aims at appropriate changes in the differentiation and integration of organizational structures. Accordingly, organizations which have structures consistent with the environment (i.e., organizational differentiation appropriate to the level of differentiation in the environment; and organizational integration appropriate to the level of differentiation) are the most likely to be high performers.²³ Thus, the success of an organization in dealing with environmental demands is perceived contingent of an appropriate differentiation (i.e., an appropriate co-operative congruence between subsystems), and the achievement of an appropriate integration.²⁴

Finally, a fifth, more implicit central concept can be found: "*feedback*". Lawrence and Lorsch suggest that if an organization functions "well" according to criteria set by its environment by drawing on its organizational designs of differentiation and integration, it may attain a "good" capacity to manage future demands from its environment.²⁵

The structure of the "summary" of the Lawrence-Lorsch contingency approach is much simpler than the "basic frame" of the clusters of

approaches analyzed in the two previous sections; the content of the approach we are analyzing now is relatively homogeneous. Our presentation of its main categories of concepts leads us to expect that the "strong combination" of the presuppositions and implications of the approach is "macropositivism": it emphasizes the adaptation of the organization to its environment. In order to confirm this, and in order to specify the type of the macropositivism we face here, we must examine the presuppositions and implications of the approach in closer detail; and the potential processes of finalization must also be elucidated.

Our first question in this more detailed examination is whether we shall here encounter the same "split" as in the legal and the accounting approaches as concerns actors and superiors. We shall not, except perhaps in a most diluted form, because we can define the focus of the contingency approach and its applications in public policy evaluation as follows: *they try to find out how well the actors who actually implement policies really* (within the bounds of their free discretion which is not regulated by legal norms or superior decisions) *design and maintain organizational arrangements* (controlled or influenced by them) *which are congruent with environmental demands* (both "subjective" and "objective" demands of the "target environment" and the unstable demands from superiors).

From the above redefined perspective, the Lawrence-Lorsch approach seems to incorporate "determinist" presuppositions about a relative "passivity" of actors, and "collectivist" presuppositions "subsuming" actors to the organization and its environment. Here, the organization itself is regarded as inescapably subject to a general societal value system that sets the requirements for the organization's "legitimacy" by demanding, e.g., profitability, growth, and innovativeness. The organization is here a subsystem that fulfills a function in a societal supersystem; and the organizational members are "hostages" of the functional imperatives of organizational survival dictated by the environment and its value system: "organizations so structured that members can deal realistically and effectively with their tasks will provide powerful sources of social and psychological satisfaction."²⁶

The approach thus takes the environment as given - it is a result of uncontrollable development - and it neglects the systematic

analysis of its production and reproduction through intentional action. Consequently, the approach cannot examine how action which "adapts" to the environment is "reified", and "ritualistic" forms arise which in turn regulate the action and keep it within the bounds of the "rituals".

As an approach to public policy evaluation, the contingency approach encodes its argumentation "positivistically" into intellectual and political and administrative discourse. It presupposes that the entire formally organized as well as the "informal" social world is isomorphic with the researchers' - as well as with organizational actors' - perceptions and in principle observable and analyzable on the "phenomenal surface". Here, the approach fails to consider the possibility of a model of such social relations which may not manifest themselves at all, but which may still be sources of the manifest. The approach is also unable to "see" its own reflexion in the "mirror" which it holds in front of its subject matter; and therefore it unavoidably contributes to the reproduction of the "dominance" of the organizational environment by its own very perception of this environment. The "positivism" of the approach also has some "instrumentalist" features: it proceeds from empirical accounts to suggesting how to ensure organizational survival through organization redesign and organizational control.²⁷ This adds to the adverse consequences for discourse; the propensity to reproduce existing social relations is consequently built deeply into the presuppositions of the approach.

The approach does not presuppose that social inquiry could independently produce and articulate evaluative normatively binding knowledge on the basis of its results. Instead, one can find an "application-oriented objectivism" in the approach, which makes the results appear as facts about means to attain given and unquestionable ends. Here, the approach "consigns to silence" the social relations which ground the facts, means, values and ends - and once again contributes to the reproduction of these relations.

In its "account of the social", the contingency approach is "naturalist": the picture it provides of the organization is one of an "organism" coping with its environment by internal adaptations. The naturalism contributes to the "naturalization" of social relations (ultimately social relations of mutual non-understanding and, e.g., reified social relations of mutual understanding:

"texts", "*façons de parler*", "institutions", and "established patterns of social practices"). Consequently, the production and articulation of knowledge through the approach is adversely affected: what is natural is also obvious and apparent and cannot be critically analyzed.

As to the relations between different levels of analysis, the contingency approach seems first to resort to "macroreduction": it derives the intentions and motivations of the organizational participants from the assumptions made about the environment - or at least the assumptions concerning the organization itself. However, a contrary orientation can also be discerned: the approach tends toward "microreduction" in its emphasis on the role of individual motivation and perceptions in the adaptation of the organization to the environment, and in the adaptation of the individuals to the organization. There may be a complementary relationship between these two orientations: the macroreduction "petrifies" the obvious and reifies it by seeing it as totally determined; and the microreduction "rationalizes" this obvious and reified by referring it to actors' observations, perceptions and motivation.

The Lawrence-Lorsch approach probably has only one - but as such the more important - implication: it advises through its applications how the capability of policies to produce intended consequences can be enhanced through organization redesign and organizational control. Besides the presuppositions it is based on, this implication is, according to our conceptual framework, conducive to artificial closure of theorization and to suppression of discourse.

How can the contingency approach become politically and administratively finalized with the result that its suppressive effect on discourse is perpetually reproduced? It may evidently become a social technology of "public" organization design - even though its generality and its "silence" in questions concerning the "public" and the "political" of policymaking may in this respect be an important limitation. Because of this limitation we must expect that there hardly can be an established profession of a "corps of organization designers" in any area of government; and, consequently, we may not be able to ascribe much legitimacy importance for the contingency approach. Nor can we expect that further cross-sectional or historical analyses of concrete cases of application would shed much knowledge of the Lawrence-Lorsch approach.

Cost-Benefit Analysis as an Approach to the Evaluation of the Efficiency of Public Policy Implementation

Our three previous cases have dealt with approaches which lay heavy emphasis on the evaluation of the implementation of public policies, and on the evaluation of the means of preventing the unintended consequences of the implementation. These approaches do not make assumptions about the goals of public policies, nor about the means of assessing these goals and the corresponding goal-achievement. On the contrary, our next approach, cost-benefit analysis, incorporates a basic assumption about the general goal of public policies, and it tries to provide rational means for the achievement of this goal through policy implementation. Here, the goal of public policies is stated in the abstract terms of the prevention of "bad" consequences of "non-public" action, or the efficient utilization of the "good" consequences of that action. Cost-benefit analysis shares this orientation with most analyses of the economics and finance of the public sector; we could have taken our "pick" among several different approaches dealing, e.g., with the production of public goods or with public expenditures and taxation; but these approaches would have been much narrower and their analysis and metaevaluation would also have given less generalizable results. Cost-benefit analysis, on the other hand, *is*, in a way, a general economic approach to public policy evaluation.

Cost-benefit analysis is, in brief, a technique for aggregating all the benefits and costs for society associated with a given project and making the benefits and costs comparable in terms of a given point of time. The results of the comparison are expressed as a single index, such as a difference or ratio. According to the fundamental rule of cost-benefit analysis, a project should be undertaken if it shows excess benefits for the whole society over its opportunity cost for society (i.e., the cost of "losing" the "best abandoned alternative project").²⁸ But what is the "social context" which is presupposed when cost-benefit analysis is applied to public policy evaluation? The context is evidently the following. We have a public decisionmaker vested with powers of making a decision as to the launching, continuing, redesigning or discontinuing an existing public

project; only if the benefits exceed or are equal to the cost, the project will be launched or continued without at least redesigning it. Here, we obviously also have "actors", i.e., the "recipients" of the benefits of the project - and, depending on the decisionmaker's delegation of "intellectual functions", an evaluator responsible for the analytic task. This "situational context" provides a background for giving the general outline of cost-benefit analysis; we shall obviously have to deal with an analogous split into "actors" and "superiors" as in analyzing the legal and the accounting approaches, but in a very different sense.

The situation which the decisionmaker (or his evaluator) would encounter *without* the project would be one of a "market failure"; i.e., if only markets were relied on, there would be externalities, external economies or external diseconomies. If there were external economies, the benefits and costs of the project would be accounted for from a perspective narrower than that of the whole society and either the benefits undervalued or the costs exaggerated, and, consequently, too few resources dedicated to the production and too few benefits produced. External diseconomies, of course, would entail the opposite. The project whose destiny is called in question is a means to internalize external economies or to prevent the production of external diseconomies;²⁹ and if the costs of the internalization or prevention exceed the benefits, the project will be or "should be" abandoned.

The technique of cost-benefit analysis incorporates an in-built "democratizing" (or "legitimizing") mechanism: the benefits accounted for are *not* presented as benefits for society regarded as a supra-individual entity - let alone as reflexions of the decisionmaker's subjective goals and values; but the benefits are considered an *aggregate of benefits accruing to, and experienced by, individual members of society*. This principle is built into "cost-benefit criteria", i.e., investment criteria of cost-benefit analysis; the purpose of these criteria is to provide terms to decide if a project should be undertaken or continued, or not; and the criteria make the benefits and costs of the project comparable irrespective of the time of their accrual. The cost-benefit criteria apply the strict condition of a *potential Pareto improvement*; according to this condition, a project whose social benefits exceed its social cost should be

undertaken or continued *only* if everyone in society *could* (assuming costless compensations from the winners to the losers) be made better off without making anyone worse off. It is not, however, presupposed that this compensation would, could or should *actually* take place.³⁰

In applying cost-benefit analysis in government, the democratizing mechanism incorporates not less than an implicit "theory of state": a rationalistic theory which explains that the state is ultimately to the benefit of all, even though no individual might voluntarily take steps to be the first one potentially coerced by the state - outside the fictitious situation of fully rational individuals making a mutual "social contract".

The individualist basis which cost-benefit analysis applies in accounting for the welfare of society is further illustrated by its way of specifying the benefits of a project for society. Here, cost-benefit analysis measures the "consumer's surplus", the difference between the consumer's willingness to pay (WTP) for a good or a service and that which he actually pays (or in the case of an ongoing public project, which he would have to pay in the absence of the project).³¹ Increases in the consumer's surplus are measures of the welfare gains resulting from a fall in one or more good or service prices due to the project; and the aggregate consumer's surplus (if any) over all individuals measures the value of the project's benefits over market prices. This also applies, *mutatis mutandis*, to situations where public goods are not produced, but the production of external diseconomies is prevented.

Because the quantity demanded of a good or a service is in large projects (and public projects tend to be large) the higher the lower the price, the consumer's willingness to pay for the good or service is always higher than a competitive market price. This makes it deficient to assess the benefits of these projects in market prices. In Figure III-4, DF is the demand curve for the good or the service. P is the competitive market price, Q is the quantity demanded at that price, OQED is the consumer's willingness to pay, and PED is the consumer's surplus. We see that at any market price $D > P > 0$ there is necessarily at least some consumer's surplus. It is, in effect, only through price discrimination (which, however, tends to be impossible in public projects) that some of the consumer's surplus can be obtained by the producer.

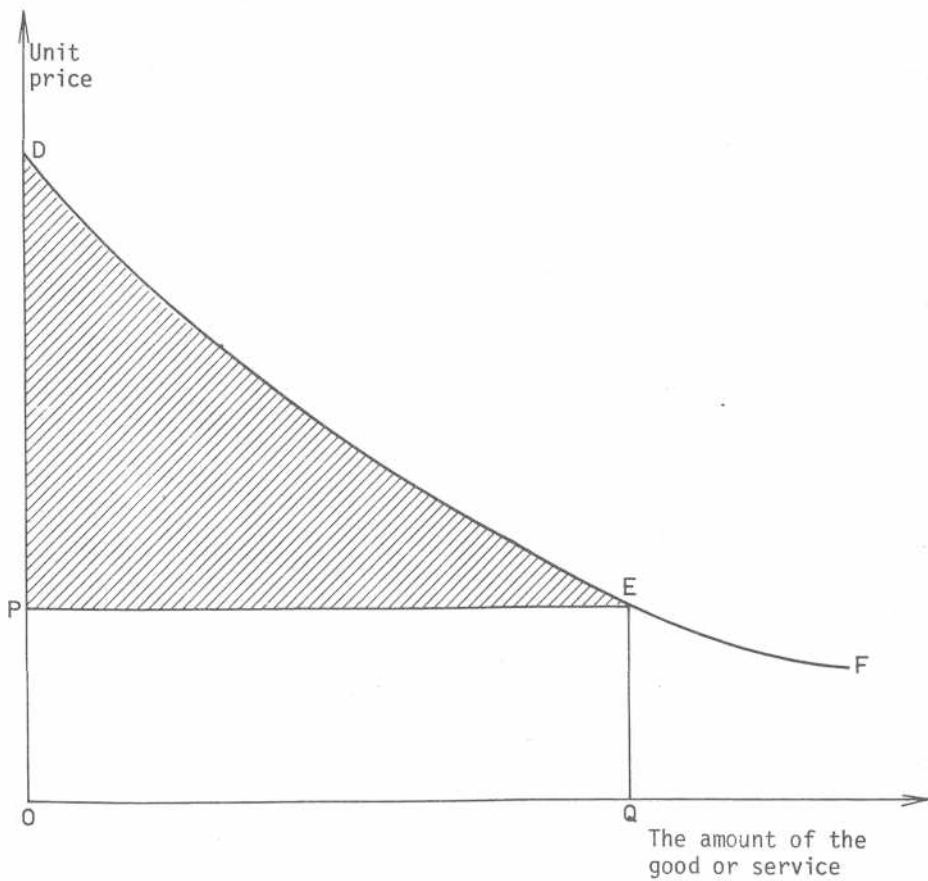


Figure III-4. The consumer's surplus

From our present point of view, the "technical" problems of cost-benefit analysis, such as questions of "shadow pricing" or the use of any given cost-benefit criteria, are of lesser interest; and we can directly proceed to use our conceptual framework for the analysis and assessment of the presuppositions and implications of cost-benefit analysis in its governmental applications. As regards the "strong combinations" of the presuppositions and implications of Table II-2, we might hypothesize more or less automatically that cost-benefit analysis represents "micropositivism", because it is a derivative of

the prototype of all social science micropositivisms, i.e., micro-economics. Moreover, the implicit "theory of state" which cost-benefit analysis implies is also individualist; this theory suggests that there is a given kind of "mutual understanding" constituting the state, "mutual coercion mutually agreed upon"; and it suggests what kind "mutual non-understanding" underlies it: the "social contract" is after all mere fiction and in any case irrevocable once "established". This all seems obvious at first glance, but we must elaborate the details of the potential suppression of the discourse of cost-benefit analysis, as well as elaborate the nature of the political and administrative finalization of the discourse and knowledge of this generally appreciated technique. In order to give a focus for our subsequent discussion, we can still define cost-benefit analysis as we have understood it and its applications here: it provides means *to find out if a public project should be started or an ongoing public project continued or redesigned; the criterion is that the project must show a record of excess social benefits over its social opportunity cost on the strict condition of the potential Pareto improvement.* This definition suggests that, in the final analysis, we are dealing with a special kind of split between decisionmakers and actors: decisionmakers are "benevolent calculators" and actors are presented as sovereign recipients of benefits.

Cost-benefit analysis has often been accused of a "relativism", i.e., of taking the roles which the above actors hold for granted. It has also been said that it ignores that actors' "wants" and their possibilities to satisfy these wants are dependent on their roles in the constellation of social relations. According to this criticism, the roles of the actors are not voluntarily chosen, but e.g., an individual works because it is his only way of maintaining a reasonable standard of living in the prevailing historical circumstances; and similarly an entrepreneur does not adhere to the rules of the marketplace only because he is an entrepreneur, but because it is the only way to remain an entrepreneur. This criticism suggests that even without the "state" the actions of the actors - as the final consumers of the results of public policies - are based on "relations of mutual non-understanding", which create ignorance and hide coercion when they reside in conceptions and discourse concerning the workplace, the

market and the household. These conceptions and related discourse contains such concepts as the "labor contract", the "business contract", "prices", "property", "advertising" and "consumption"; and cost-benefit analysis participates in making these concepts still more general and obvious.

But what does the relativism of cost-benefit analysis mean from the point of view of public policy evaluation? Its implicit theory of state conceals and legitimizes the ultimate nature of the state (i.e., its coercive aspects); and when this concealment combines with the concealment of the "reified" nature of the discourse on the workplace, market and household, we can see a veritable "double bind" in the discourse of cost-benefit analysis: a double concealment of relations of mutual non-understanding.

The reverse side of the relativism of cost-benefit analysis is its presupposition of ontological "atomism". In the view of cost-benefit analysis, society is a random cluster of actors - our above "basic" market actors; cost-benefit analysis takes the roles, resources, preferences, wants and ends of each actor for granted. One can, of course, suggest that cost-benefit analysis steps beyond the boundaries of atomism when it posits the externalities which it proposes to internalize, but the very fact that it considers these "second-order consequences" of action to be "dissoluble" confirms its atomistic orientation. By its insistence on the "rational dissolution" and control of the second-order consequences, cost-benefit analysis provides a "second bondage" for the actors: they are already bound by the "obviousness" and "socially adjusted" social relations of their "everyday life"; and the requirement of rationality of cost-benefit analysis makes this "understanding" and the social relations still more acceptable by indicating that all signs of "mutual non-understanding" are due to "irrationalities" which can be solved by individual action - or in a way which benefits all the individual actors.

But is cost-benefit analysis relativist and atomist also in its accounts of the decisionmakers? Yes, it is: the decisionmakers are no more than optimal allocators of the "nation's" resources between competing ends; they are guardians of the "public interest", which is considered to be a simple aggregation of individual interests - but this holds only where the individuals are as innocent as in the fictitious

situation of the "social contract". In cost-benefit analysis, any "organic" conception of the state's own interests or needs is out of question; however, the fact that we are dealing here only with the diluted form of Pareto optimality (incorporated into cost-benefit analysis because of the impossibility of the "super-rationalism" of social welfare functions) implies that the decisionmakers are not mere "data terminals" of the basic actors. These decisionmakers' lot is not easy: in effect, they need not only "encourage" basic actors where these would agree if only they would dare or care to express their agreement, but they must also infer what the basic actors would think, know, want and prefer if they were fully informed.

The relativism and atomism of cost-benefit analysis thus neglects "doubly" the analysis of the way how the combination workplace-market-household, and the state are produced and reproduced through unintended consequences of intentional action, especially through the intentional action of the basic actors. But do not the decisionmakers and the actors in charge for policy implementation also contribute to that subsumption, i.e., coerce the actors? One can hardly accuse cost-benefit analysis of assigning and reinforcing this role, because the analysis itself is only the "technical enforcer" of what the basic actors wanted if they were fully informed, fully rational, and as innocent as if they were making an "initial social contract" - but cost-benefit analysis does really provide means to hide and legitimize the role.

Cost-benefit analysis also fails to examine how the unintended consequences of the basic actors' action constrain this action and the formation of actors' other intentions than those of "rational egoists" or "opportunists". Simultaneously, cost-benefit analysis lacks an account of the "reification" of unintended consequences of intentional action into "ritualistic forms" of "social life": rituals of workplaces, markets and households; electoral systems, cabinet politics, collective bargaining; and bureaucracies. Cost-benefit analysis also participates in the production and reproduction of "seeming mutual understanding": e.g., beliefs that wages and salaries are justified compensations for work done, that political elections "translate" voters' individual interests into the "public interests", that collective bargaining leads to the workers' and society's best,

or that public bureaucracies are citizens' servants. But what has cost-benefit analysis actually to do with the ritualistic forms and the seeming mutual understanding? In its own discourse, of course, little. But because of *lack* of these "facts", through its "silence" it contributes to the production and reproduction of that which it fails to thematize - and this makes its very discourse a discourse of concealment.

Cost-benefit encodes its referential discourse into communicative discourse "positivistically". Its variant of positivism is "instrumentalism", and it gives instrumentalist support to the encoding of its welfare economic argumentation into political and administrative discourse - in our case, public policy evaluation. Here, the assumed value of the results of cost-benefit analysis lies in its capability to render support for more "rational" decisions; and thus the reproduction of existing social relations which ground what is rational is built into its very epistemological presuppositions. The propensity of cost-benefit analysis to contribute to the reproduction is also emphasized by the fact that it supports decisions which have impacts in the future; in this case it "internalizes" actors' present conceptions concerning the future (as reflected, e.g., in interest rates) and "projects the present into the future" by projecting present expectations and other conceptions concerning the future.

Do we encounter here any split into a "positivism" of actors and a "hermeneutics" of decisionmakers? In principle we seldom do, but the more the decisionmakers are supposed to interpret what are the basic actors' "real" preferences, the more the "hermeneutics" creeps in. Only where (if anywhere) the doctrine of social welfare function is going strong, the traces of the split are invisible.

All in all, the instrumentalist orientation of cost-benefit analysis seems rather unproblematic from the point of view of analysis. It is, however, sometimes problematized on a meta-analytical level as the problem of "democracy", i.e., the problem to what extent the results of cost-benefit analysis should be considered binding. The

solution which is usually suggested is that cost-benefit analysis is merely an instrument which decisionmakers can take or leave. This orientation decreases the "obvious" of "technocratic" solutions and the automatic production and reproduction of the discourse of cost-benefit analysis; but it reinforces the "obvious" as regards the position of the decisionmakers.

The presuppositions of cost-benefit analysis do not allow it the possibility of independent production and articulation of normatively binding evaluative knowledge. It is supposed to derive all the values it applies fundamentally from the preferences of the basic actors - as perhaps interpreted by the decisionmakers and the actors in charge of policy implementation. Here, the stand of cost-benefit analysis is "application-oriented objectivism": facts, values, ends, means, goals and resources are "givens" from outside its discourse; and it "consigns to silence" the social relations which ground these givens. As a consequence, it exerts a "silencing" impact on the production and articulation of knowledge in its discourse. In its attempts as an "objective", neutral and value-free generally applicable technique of economic decisionmaking to abolish "subjectivity", it indeed often "succeeds": it contributes to the imprisonment of the basic actors, the decisionmakers and the actors in charge of policy implementation into the "objectivity" of their roles, embedded in social relations which cost-benefit analysis consigns to silence.

The "account of the social" presupposed by cost-benefit analysis is "naturalist"; it not only passively "naturalizes" existing social circumstances in its analysis, but it also directly "injects" its results of analysis into action; here, the "practical naturalization" takes place through the concealment of the social grounds of action by cost-benefit analysis. Splits are scarcely discernible here between the basic actors, the decisionmakers and the actors in charge of policy implementation; and thus cost-benefit analysis contributes to the production and reproduction of rather unified "pseudo-nature".

Cost-benefit analysis relates the different levels of action and decisionmaking which it analyzes or supports to each other by "micro-reduction"; we have seen that it tries to derive or justify guidelines for action in terms of the basic actors' preferences. We encounter here the commonplace psychological presupposition of economics: the

rational egoistic individual who is fully aware of his condition. This presupposition emphasizes the "social" transparency of the actors to themselves; and it therefore assumes away the social grounds of action.

The first-order implication of cost-benefit analysis is evident: it does more or less what it is supposed to do, i.e., it supports decisionmaking by advising how the resources available for public policymaking can be efficiently allocated. But are there any other implications conceivable besides this in-built implication? The fact that cost-benefit analysis may promote the correction of market failures may make it more than a "social technology"; it may also be a "legitimatory practice". After the assumed correction of market failures it may appear that the "best of the possible worlds" has been reached - although this has been achieved only because the underlying hidden "reality" has actually been "doubly concealed". And the legitimization provided does not cover only the "world" (society), but also the "benevolent calculator" (the decisionmaker drawing on cost-benefit analysis as a source and proof of rationality).

Our conceptual framework suggests that the presuppositions and implications of cost-benefit analysis are conducive to artificial closure of theorization and the suppression of discourse. This is due to the variant of "micropositivism" which we have analyzed above in detail. But our analysis has not merely "verified" that the micropositivism really is there: the analysis has taken several steps for analyzing the production and reproduction of the closure and suppression through the political and administrative finalization of cost-benefit analysis. However, this finalization is not so straightforward as one might imagine; the "rational" nature of cost-benefit analysis may often appear as strange from the very point of view of the "obvious" mutual understanding and the "socially adjusted" social relations, and it is therefore often opposed as a "cold" and "inhuman" approach to social problems. In practice this may actually mean that there is a split in the finalization between the "actors" (the "people") and the decisionmakers (users of results of cost-benefit analysis). Here, the finalization may often take place via "contestation": the applications of cost-benefit analysis may first reinforce the established "obvious" and the "socially adjusted" social relations by threatening to redesign them; and it may reinforce itself by inciting

simultaneously the "need" of "rationalizing" both the obvious understanding and the social relations which "bear" it.

Cost-benefit analysis is, of course, a common and vulnerable target for all kinds of "humanistic", "anti-technocratic" and "anti-capitalist" criticisms.³² Our own analysis should not be taken for another such criticism. We have applied our scheme, which starts with the alternative perspective according to which the emergence of the "obvious", "apparent" and "pseudo-nature" is seen as unavoidable in cost-benefit analysis. In examining cost-benefit analysis we have refined our conceptual framework by pointing to the peculiar split between actors and decisionmakers in this approach; and the unavoidable "double bind" and the "second-level concealment" which the approach produces and reproduces through its applications.

Could our above examination of cost-benefit analysis be illustrated by studying its concrete applications? This is difficult in a country like Finland where the applications are fairly few. In analyzing the circumstances of a small country from a cross-sectional and historical perspective, one should obviously include all economic analysis, both micro- and macroeconomic; and with a broader data, one could analyze the "monopolies of symbolic violence" that economists may have succeeded in establishing themselves either in professional "fraternities" or in research institutions. One might also proceed to case studies about how "economic necessities" as "revealed" by economists' analyses may have become experienced as unquestionable, with the result that the economists' establishments have been able to dictate policy guidelines to decisionmakers; or how results of economic analyses (importantly, predictions of different kinds) may have become weapons in political struggle - at least "technocrats'" weapons to trickle down the heat of the struggle. Thus, in the last resort, one must analyze not only the policymakers, the actors in charge for policy implementation and the basic actors, but also the evaluators.

Proving the Effectiveness of Public Policies: A Causal Modeling Approach

As indicated above, there are many specialized approaches to the study of the impacts of public policies, as well as related analyses where the ascertained impacts are related to "policy outputs", "inputs" and the levels and degrees of processes of planning. The actual "evaluation" after the effects or impacts have been ascertained resembles *ex post facto* cost-benefit analyses - or a kind of auditing based on "empirical facts". Because we do not wish to repeat our previous detailed analyses, we shall choose a very "empiricist" approach of ascertaining the impacts of a public policy for our final case example. Here, "policy" means a coherent strategy composed of several interrelated measures designed to advance certain goals. The approach we analyze and metaevaluate is the prototype of "policy impact analysis", "empirical causal analysis". We must, however, decide whether we shall focus our attention on an experimental, quasi-experimental or non-experimental (observational) approach. As to the analysis and evaluation of these different approaches, the "empirical" premises would scarcely count and consequently we shall focus - as regards our empirical illustrations - on the non-experimental design based on "observational" data. This design is, for our purposes, the simplest "model case" where we can easily construct a fictitious example; and as regards practical application, this case is also the most commonly used one in practical public policy evaluation.

Our task of constructing an example and evaluating the approach via this example is easier if we focus now on an *ex post* case of evaluative research, which can be defined here as follows:

The purpose of evaluation research is to measure the effects of a program against the goals it set out to accomplish as a means of contributing to subsequent decision making about the program and improving future programming. Within the definition there are four key features: "To measure the effects" refers to the *research methodology* that is used. "The effects" emphasizes the *outcomes* of the program, rather than its efficiency, honesty, morale, or adherence to rules or standards. The comparison of effects with goals stresses the use of explicit *criteria* for judging how well the program is doing. The contribution to subsequent decision making and the improvement of future programming denote the *social purpose* of evaluation.³³

Advised by this definition, we can outline our empirical example of causal modeling.³⁴ Let us assume that a government has implemented a policy aiming both at: (1) improving the general educational achievement of mentally disturbed children, and (2) improving the children's emotional state. Let us further assume that the policy-makers rely on an empirically testable theory which leads to the hypothesis that there is a reciprocal positive relationship between the educational achievement and the emotional state; i.e., if you improve one, you will improve both. Finally, let us assume that, drawing on their theory and other knowledge, the policymakers launch a policy characterized by a nonrecursive path model (Figure III-5).³⁵ The variables Z_1 and Z_3 of the model can be called goal variables, i.e., variables in terms of which the goals of the policy are set. The variables Z_a , Z_c , Z_f and Z_d can be called means variables: their values are adjusted differently (by manipulating the composition of the sample and system of services and transfers to the policy target) in order to bring about desired variation in the goal variables. The variables Z_u and Z_w characterize the impact of all other possible variables on the goal variables.

The model presented in Figure III-5 accords with the requirements of nonrecursive path analysis: the disturbance variables (Z_u , Z_w) do not correlate with the predetermined variables (Z_a , Z_c , Z_f , Z_d), though they may correlate with the endogenous variables (Z_1 , Z_3) and with each other. The model can now be written in two equations:

$$Z_1 = p_{1a}Z_a + p_{1c}Z_c + p_{1f}Z_f + p_{13}Z_3 + p_{1u}Z_u$$

$$Z_3 = p_{3d}Z_d + p_{3f}Z_f + p_{3c}Z_c + p_{31}Z_1 + p_{3w}Z_w$$

In order to identify the equations of the model, an "order condition" and a "rank condition" must be satisfied. As it can be easily shown that the model satisfies both of the conditions, the equations can be solved by regression analysis, and the path coefficients p_{ij} calculated as β -coefficients. Thereafter one can also calculate the residual path coefficients p_{1u} and p_{3w} and the product moment correlation coefficient r_{uw} between the two residual variables Z_u and Z_w .

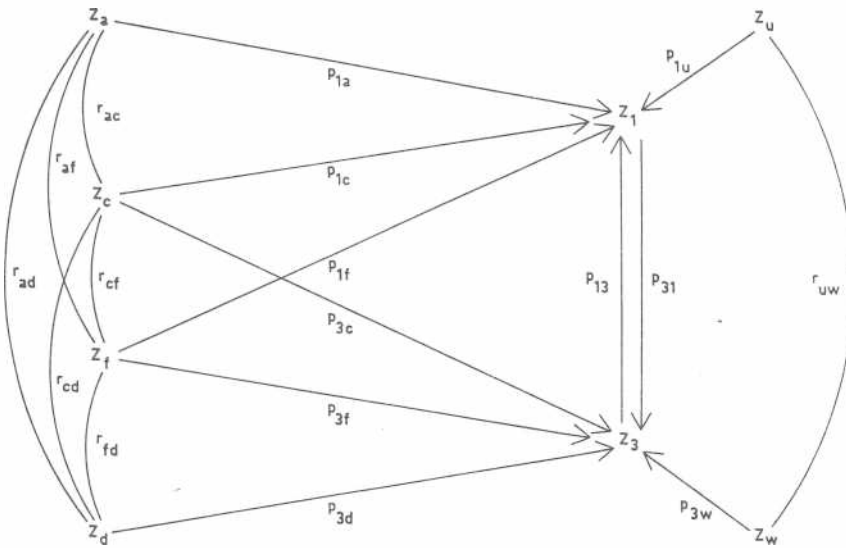


Figure III-5. A path model

Variables (all standardized to z-scores):

Z_a	Special help provided to the child personally	Z_1	The improvement of the child's emotional state during period Δt
Z_c	Guidance concerning the child's problems provided to the child's parents	Z_3	The improvement of the child's educational achievement during period Δt
Z_d	Special arrangements made in teaching facilities to account for the child's problems	Z_u	Disturbance variable pertinent to variable Z_1
Z_f	Special guidance concerning the child's problems provided to the child's teacher	Z_w	Disturbance variable pertinent to variable Z_3

Table III-1 gives the original product moment correlation coefficients of the example, and Figure III-6 gives the estimation of the path model.

Table III-1. A table of product moment correlation coefficients

	Z_a	Z_c	Z_1	Z_d	Z_f	Z_3
Z_a	1.00					
Z_c	.22	1.00				
Z_1	.41	.32	1.00			
Z_d	.34	.23	.30	1.00		
Z_f	.19	.27	.29	.30	1.00	
Z_3	.26	.28	.42	.50	.36	1.00

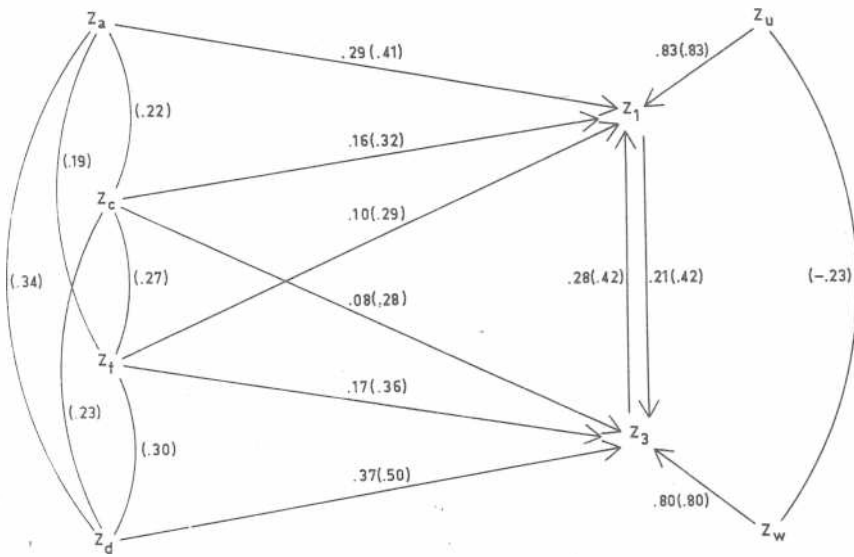


Figure III-6. An estimated path model

The model estimation allows one to make the following inferences. (1) The empirical theory of the policymakers is corroborated: there is a mutual empirical causal relationship between the two goal variables ("the improvement of the child's emotional state", and "the improvement of the child's general educational achievement", variables Z_1 and Z_3). (2) The variable "the improvement of the child's emotional state" has somewhat more impact on the variable "the improvement of the child's educational achievement" than vice versa. (3) The means variable "special help provided to the child personally" (Z_a) has a relatively strong impact on the goal variable "the improvement of the child's emotional state". (4) The means variable "special arrangements made in teaching facilities to account for the child's problems" (Z_d) has a relatively strong impact on the goal variable "the improvement of the child's educational achievement". (5) The impact of the disturbance variables (Z_u , Z_w) on the goal variables is considerable.

From Figure III-6 we could proceed into two directions: we could begin to relate the "effectiveness" of the causational variables to the costs of effecting changes in them; or we could focus on what the approach says about the relationship between human beings and their "human" conditions" and the alterability of these. The latter orientation, of course, brings our perspective here close to the contingency approach and its macropositivism we discussed earlier. But this is no handicap, because we can also compare and through comparison find some new dimensions in the processes of finalization of discourse and knowledge. In this comparison we must focus in particular on the split between the "targets" and the "decisionmakers"; we can foresee that the role of the latter is here more crucial than in the contingency approach. For the following analysis we can still once more condense the main features of the approach: it is supposed to *find out to what extent a policy* - defined as a set of measures and measurable in terms of manipulable and manipulated variables - *has yielded its explicitly stated objects over the resistance of the other causational factors*. The achievement of the objectives can be estimated either quantitatively or stated merely in terms of the achieved direction of change.

It goes without saying that this "causal" approach incorporates "determinist" and "collectivist" presuppositions. The targets of the

policy (the disturbed children) are "reified" into "things" which can be "measured" as to their "characteristics" along "dimensions" which can be expressed as "variables"; and their "own" alternative (or that of their parents) is either to ascribe to the measures of the policymakers or maintain the stigma of disturbance. The policymakers themselves are neither "free", but they are hostages of the "obvious facts" appearing as corroborated empirical "laws" and the networks of causal relations specified and tested by the empirical evaluation research. The policymakers cannot choose which empirical causal laws (of the form "if A then B") there are, but the only choice they can make is to decide if they want A - in which case they must have B made. The "causal world" (whether social or "physical") is also seen as an extremely hostile "opponent", which at best renders limited possibilities to wrest out advantages for the policymakers and the targets of policies.

The above already implies that in the approach we analyze the environment is seen as "immutable" nature, not as "pseudo-nature", whose basic structure could be changed - or totally dissolved. The evaluation of policy impact also incorporates - mostly unwittingly - itself into this pseudo-nature by the production and reproduction of such "ritualistic" forms of action as - in our exemplary case - the systems of educational planning and provision of special services for the "disturbed". Consequently, it is understandable that the production and articulation of knowledge is adversely affected; the ritualistic forms of action crucially constrain the scope of the "A's" and "B's" which the decisionmakers may observe; and the very "ritualism" of the forms conceals the underlying social relations and contributes to their production and reproduction.

The approach encodes its referential discourse of empirical causal analysis into communicative discourse in a "positivist" manner with "instrumentalist" features; and in this way it also supports the encoding of its empirical arguments of causal analysis into political and administrative discourse. The approach is even less able than those discussed above to reflect itself in the "mirror" it holds in front of its subject matter; and it consequently supports the "obvious" in society through unintended consequences of its application. The instrumentalist features and lack of self-reflexion add to the above adverse

effects on discourse: the reproduction of existing social relations is deeply embedded in the "causalist" epistemological presuppositions of the approach.

The approach denies that social inquiry could independently produce and articulate new normatively binding evaluative knowledge. Its stand is "application-oriented objectivism": it represents the results of its application as facts about means to attain ends and values, which stem from outside its discourse (e.g., "non-disturbance"). Here, it consigns to silence the social relations which ground the ends and values; and as an unintended consequence of its application it promotes the reproduction of these relations.

The account of the "social" in the "causal evaluation" of public policies is "naturalist": not only are the targets of policies (e.g., the "disturbances" of the children) "naturalized", but also the means available to public authorities, the actors in charge of policy implementation and the experts. The modeling of the approach according to a specific logic of natural science naturalizes the "pseudo-nature" of the targets and the means; it conceals the sources of this pseudo-nature in "real" social relations; and it leads to an inability to thematize the processes which produce and reproduce the "obvious" and "apparent" and the pertinent "socially adjusted" social relations. The naturalization of the pseudo-nature is best reflected in the idea, mentioned above, that the policymakers must "wrest concessions" out of social relations by manipulating the "values" of certain characteristics of social action and social situations.

The approach is in our particular case "macroreductive" at least implicitly: the "means" variables obviously pertain to the creation of "positive social conditions". This means that "negative social conditions" create the disturbances. However, the approach could alternatively be - at least formally - "microreductive"; it could support the manipulation of individual personality variables in order to change social conditions (e.g., causal modeling could relate the "disturbances" to parents' "formalistic personality" and try to support dispelling the former by manipulating the latter by personality training). However, in causal modeling the reductionism is not as important as the emphasis on causality (the idea that causes are "facts" which are clues to something which can be manipulated); the reductionist

orientations may enhance the emphasis on causality, and subsequently also enhance the concealment of the "real" sources of the obvious and apparent (i.e., sources of "social" in the causal modeling approach).

It is evident that the approach - either alone or combined with more sophisticated methods of evaluation (e.g., *ex post* cost-benefit calculation) - is a "social technology". To state this is not very informative (the approach has been designed as a social technology) - but we can have a closer look at its functioning as a social technology which incorporates its practical implications into its "intellectual" discourse. We can also examine its role as a "legitimatory practice" and indicate the processes of the finalization of its discourse and knowledge. One can condense this analysis and assessment into three points.³⁶ First, the approach, by indicating how difficult decision-making and public policy evaluation are because of the strong "causational" factors to be controlled, serves as a justification of failures in decisionmaking and policy implementation; and it may thus become a popular and finalized "useful" approach. Second, the approach may also be used as an *ex post* criticism of decisions and policy implementation by disclosing factors which have remained unrecognized in policymaking and policy implementation; this may also enhance its popularity and finalization. Third, it may "open up" policy problems to public discussion by indicating that some "reasonable" policies have been launched or can be launched to combat social ills; that alternatives (some of which may be "alternatives") have been considered and evaluated before the decisionmaking and implementation; and that at least some policies have had desired effects and can therefore be continued, while some other policies have not had such effects and can therefore be submitted to public discussion which may lead to their discontinuation. All these points suggest that the approach of causal modeling (especially if combined with more sophisticated evaluation techniques) may have strong legitimatory effects; and because of these effects it may become very strongly finalized as regards its discourse and basic premises.

However, it must be remembered that the actual utilization of systematic causal modeling and subsequent policy evaluation is rather rare at least in Finland; and, on the other hand, that their success and pertinent finalization have not been sufficiently studied. Therefore concrete cross-sectional and historical case analyses are needed.

Conclusions

After analyzing our "sample" of five types of social science approaches to public policy evaluation, we can turn to ask what we have gained; and how useful our "box of *bricoleur*" (i.e., our conceptual framework) turned out to be. We must also ask how our analysis further refined the framework or indicated how it could be used in a more refined way.

First, although we promised above that we shall not condemn any of the approaches in advance to the "hell of suppression" of their discourse, we have hopefully proven that all of them entail presuppositions, implications and potential and rather probable finalization processes which easily lead to this hell. We have also indicated the specific type of this road in the case of each approach; and we have found few possibilities for them to keep off from this road. The only alternative would be self-reflexion among those who use the approaches; but this self-reflexion may easily lead to abandoning the approaches. However, we have also indicated above, and we shall try to illustrate in the next chapter, how techniques of "positivist" social science can be used if the "real nature" of the subject matter is understood as "pseudo-nature", whose surface can be decomposed with these methods and then submitted to critical discursive analysis.

Our conceptual framework has helped us systematize our discursive meta-analysis and to compare the different approaches. On the one hand, the framework was not sufficient alone, but we had to reorganize the approaches we were studying and relate them to the problems of public policy evaluation before we could effectively use the framework. The figures presented were a "method" to reorganize the approaches; in terms of discursive analysis, we revealed their basic metaphors or at least related these metaphors to the issues of public policy evaluation (e.g., we pointed to the "rationalism" of cost-benefit analysis). On the other hand, our conceptual framework proved to be rather flexible; it could be used to analyze a whole range of approaches; and it revealed their differences as to their presuppositions, implications and finalization, as well as their differences in their road to the suppression of discourse.

The most important refinement of the conceptual framework and its application was to relate it to the "internal politics and administration" of public policy evaluation. We indicated how the presuppositions and implications may become "split"; different types of presuppositions and implications may ground accounts of different participants of public policy evaluation. The approaches which were most split in their orientation toward the participants were the evaluation of legality and the evaluation of accounting and auditing; and cost-benefit analysis. In cost-benefit analysis we also found a "double bind". It treats social action and social relations on their most "obvious" and "apparent" level, ignoring their concrete context; and therefore its application may make the obvious and apparent still more obvious and apparent; but on the other hand, the application may also incite "opposition" and lead to the rejection of the approach as an "unrealistic" or "too cold" method. However, this opposition may itself fall into the trap of the "obvious and apparent" while defending it against cost-benefit analysis - and making it still more obvious and apparent. This aspect of cost-benefit analysis indicates that the splits may make the processes of finalization very complex indeed. Here, many kinds of conflicts may arise. However, these conflicts will not automatically lead to the "pluralism" of discourse and knowledge, but they may lead to a polarization of the orientations of the approach as regards its presuppositions and implications. Finally, the subsequent competition for "usefulness" and "popularity" may lead to a faster finalization and suppression of discourse than the "hegemony" of a single set of presuppositions and implications could accomplish.

One can, of course, claim that our analysis of the approaches is general and abstract; and that we did not present in detail some relevant "substantive theorizations" which might have given the analysis concreteness and realism (e.g., we did not analyze in detail microeconomic and decision theories in our examination of the accounting approaches). Our defense is that we only illustrated, applied and refined our conceptual framework; and more concrete research must be carried out in the future. Our next analysis of "practical public policy evaluation" will to a certain extent bring our analysis to a more concrete level and also indicate how our conceptual framework

can be further refined. The analysis and metaevaluation of the approaches carried out in this chapter will provide conceptual background for that analysis by introducing a variety of different "intellectual" orientations to public policy evaluation. The "politics and administration" which appeared in this chapter as "splits" within the approaches will naturally make a fuller entrance below.