

**The Open Public Value Account and Comprehensive Social Development –  
An Assessment of China and the US**

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**Abstract**

Human society can be roughly divided into three spheres and each has different public values. While public values should be at the heart of public administration and social development, they are often significantly weakened by their philosophical ambiguity and immeasurability. This paper seeks to clarify the nature of public values, how they are created and how they can be measured. An open public value account is constructed as a policy tool for assessing as more public values as possible. It is used to examine the public values creation in China and the US.

*Not everything that can be counted counts, and not everything that counts can be counted. –*

Albert Einstein

## **Introduction**

There are diverse values in human society that can be roughly categorized into “economic”, “political” and “social”. All have been extensively researched and debated by scholars from the corresponding disciplines. Since these values are shared and prized by the general public, they can be understood as public values – a broad and overarching topic in public administration during the last decade but one that is far from being fully explained and clarified. The major function of government can be revised as the pursuit and creation of public values – for example, promoting economic growth, improving democracy and freedom, protecting the environment and ensuring social stability. Private business can also learn from the government on how to create public values (Moore and Khagram, 2004). However, there is still no clear definition on the concepts of “public” and “value” and no explicit arguments on the issue of measurement, and relations between the various public values are blurred (Beck Jørgensen and Bozeman, 2007; De Graaf, Huberts and Smulders, 2014).<sup>1</sup>

Economic value is generally believed to form the foundation and premise for other values, but the excessive pursuit of economic value can threaten and undermine those other values. New public management, which focuses on economic value, has been influential since the early 1980s but at the same time has been criticized for its public value failure, diminishing “publicness” and narrowing the pursuit of other public values (Bozeman, 2002; Denhardt and Denhardt, 2000; Haque, 2000; Overeem and Tholen, 2011; Pierre, 2011).

Public values that are both more comprehensive and pluralistic have aroused broad interest among scholars and practitioners alike. Indeed, they may prove the next big thing and most important new paradigm for public administration (BBC, 2004; Stoker, 2006; O'Flynn, 2007; Bozeman, 2007; Meynhardt, 2009; Talbot, 2009; Vrangbæk, 2009; Benington & Moore, 2011; Bryson, Crosby & Bloomberg, 2014).<sup>2</sup>

In philosophy, value is a profound and somewhat ambiguous concept, while the study of public values is often hamstrung by more general problems in the study of values (Beck Jørgensen & Bozeman, 2007). Owing to the complex nature of value, it is essential to address four inter-related questions.

(1) *What is value?* Most great philosophers have debated the concept of value and thereby have helped establish the branch of philosophy known as axiology. Generally speaking, value is understood as the worth of something, and it can be reasonably declared that food, cars, trees, animals, infrastructure, income and money (as commodities), education, hospitals, science, art and sport (as non-commodities) as well as some forms of human behaviour (such as altruism, love and adventurism) have different kinds of values. Some of these values can be measured in terms of monetary unit, while others (such as science) cannot. The most common methodology to define value is to provide a list of values comprising positive nouns such as life, health, novelty and adventure (Zimmerman, 2007), similar as the public value inventory of Beck Jørgensen and Bozeman (2007). However, the philosophical questions of what value is, whether it exists and how it can be measured are still hotly debated and far from being resolved.<sup>3</sup> This paper, which argues the concept of public value from a pragmatic, social-science standpoint, does not aim to clarify the concept

philosophically but to build a bridge from the branch of philosophy to the social sciences and thereby highlight the value foundation of social development.

(2) *What is public value?* Moore (2014) argues that if private managers are committed to using their imagination and skills to produce private value for shareholders, public managers should use their imagination and skills to produce public value. This argument posits private and public value by means of analogy but does not sufficiently define those concepts. While almost anything can be identified as with a specific value, it remains a private value if it is prized only by an individual or a small group of people. A public value can be defined as a value prized by a majority of people, while private value can become public through a gradual increase in public deliberation, recognition and awareness (Bozeman, 2007) – as in the case of issues such as animal rights and environmental protection. In human history, new things and their values are always discovered and promoted by a minority of people initially – hence they remain private values and gradually replacing the old one in a process full of conflict and struggle. In contemporary democratic society, public debate is the mechanism through which people are forced to recognize various values; indeed, public debate itself could be defined as a public value, albeit one that may be in conflict with other values such as efficiency.

(3) *Who can create public value and how?* If the concept of public value is extended to economic and social value, it is reasonable to assume that governments, private companies, NGOs and individuals can all create public value. This understanding of the role of public and private organizations could enhance the significance and function of organizations in terms of value creation and explain the subtle differences between public and private

organizations.

(4) *How can public value be measured or assessed?* Measurement is probably the most fundamental issue in the study of value in general. A traditional management mantra is that “you cannot manage what you cannot measure”; but someone also argues that this mantra is false, while others suggest that “even if you cannot measure it, you still must manage it.”<sup>4</sup> While economic value can be measured easily in terms of money and GDP, most political and social values are difficult, though not impossible, to be measured by subjective or objective methodologies. Their ambiguity and immeasurability hamper their application in practice. In fact, most social and economic indicators and indexes – such as GDP, the Human Development Index (HDI), the World Development Indicators (WDI), the recently popular Subjective Well-being (SWB), and Happy Planet Index (HPI), the Environmental Performance Index (EPI) and the Good Country Index – seek to measure public values, albeit with various margins of error and other shortcomings.

One of the most important aims of government and public administration is to initiate and promote comprehensive social development. However, humanity vigorously pursues such development without informed guidance; thus social development remains largely a process of trial and error experimentation that has a high failure rate and uneven progress (Jacobs & Cleveland, 1999). Development implies becoming “better”; however, without a clear understanding of and the ability to measure associated values, it may be arbitrary to judge human history as social development rather than the more neutral process of social transformation.<sup>5</sup> Public value theory can show clearly in which areas society becomes “better” and in which it becomes “worse”.

This paper is structured as follows. First, the society is categorized into “economic”, “political” and “social”, and the corresponding values are elaborated, and the ways in which such values are created and measured are examined. Second, an open public value account is constructed in order to compare public value creation and social development in China and the US, the biggest developing and developed nations respectively. Finally, some policy recommendations and various suggestions about future research directions are made.

### **The Three Spheres of Society and Their Values**

Values exist in all social spheres.<sup>6</sup> Research on public values has been conducted by scholars in at least 18 academic disciplines and the results are published in some 400 publications. The largest number of publications (156 or just over 39 per cent) focus on public administration and public management; the remainder are devoted to law (70), environmental science (69), education (19), economics (18), political science (17), public health (14), mathematics and sociology (7), communications and business (4), and medicine, geography, ethics, psychology, criminology and computer science (3 or fewer each) (Van der Wal, Nabatachi and Graaf, 2013). In both the social spheres and all these disciplines, values can be roughly categorized into “economic”, “political” and “social” (see Figure 1 below). These values manifest themselves in various kinds of goods, such as commodities, civic goods and ethical goods, and are evaluated and dealt with by the decision mode of homo economicus, homo politicus and homo sociologicus. Some institutions – including political and social legislation, policies and norms – are segregating these spheres and protecting their values. For example, the marriage laws in most nations stipulate that the marriage should not

be negotiated according to money, which means that the marriage is not commodity, although in reality it is greatly influenced by economic factor (Zelizer, 2005; Steiner, 2009). The function of government is to establish and protect those institutions and promote their values either directly or indirectly (Egeberg, 2012).<sup>7</sup>

**Insert Figure 1 here.**

### **Economic Values**

Economic values have traditionally been regarded as “private” – that is, narrowly possessed and enjoyed by a minority of individuals or groups without the participation or consensus of the general public. The “privateness” of economic values will cause serious social conflicts, as Progressive Era in the history of US around 1900s and also in the modern world.<sup>8</sup> Nevertheless, economic values have become more and more public owing to government regulation and intervention, although their “publicness” still needs to be enhanced by continuously introducing more social justice into the economy and the market (Sunstein, 1999).

Economic values are the simplest and most ordinary values. Indeed, their very simplicity may help to explain the nature of other public values. In neoclassical economics, price is a measurement of value and economic values are the aggregation of prices. Most other economic concepts – such as wealth, welfare, utility, efficiency, income, cost, profit, and GDP – are based on price. However, if examining the nature of price and its formation more closely, it can be seen that price is not only a seemingly objective number and a priori

parameter but also a subjective evaluation of goods, which in economic terminology is known as willingness to pay. Some sociologists have pointed out that the confusion between price and value constitutes the epistemological paradox of the modern neoclassical theory of values (Zafirovski, 2000; Beckert, 2011). In fact, contemporary neoclassical economics is based on a monistic notion of values whereby all values can be transformed into money without any difficulty, whereas ethics is based on a pluralistic notion of values that assumes there are large number of incommensurable and incomparable values in society (Anderson, 1993). This value pluralism has been universally demonstrated by the theoretical and practical arguments about lexicographic preferences and intrinsic value in environmental value studies (Spash, 2000, 2008; Nyborg, 2000). The traditional basic assumption in neoclassical economics is that everything is tradable and therefore preference function is continuous (Varian, 1992, pp. 95), while lexicographic preferences suggest that there are many things – or many values – that cannot be compared and transformed into money.

The clarity, quantifiability and measurability of price and economic value have endowed money and economic value with considerable power in market society. For example, cost-benefit analysis, in which all measurements are by monetary unit, has been accepted as the basis of decision-making by homo economicus and public policy-makers. Since the establishment of the System of National Accounts after World War II, GDP has been used as the most important indicator of economic and as the driver of social development in many related fields such as health, education, transportation, science and technology. However, the discrepancies between GDP and other public values such as economic equity and the environment are obviously growing. It is time to move beyond GDP (Stiglitz et al., 2008;



Costanza, 2013).

As GDP is only liquid national economic wealth, the World Bank (2006, 2011) has asked the question: “Where is the wealth of nation in the 21<sup>st</sup> century?” It expanded the concept of wealth – namely, economic capital – to include natural and intangible capital. Similarly, in the *Inclusive Wealth Report*, UNU-IHDP and UNEP (2012) identified the following categories of capital: manufactured capital, natural capital, human capital, social capital, health capital and institutional capital. Their methodology for measuring non-market wealth is based on various value elicitation techniques – such as the value of statistical life, contingent valuation method and hedonic pricing method – which results in only an estimation of amount of money (Costanza et al., 1997; Bateman, 2013).<sup>9</sup> This expanding concept of wealth is an evidence of humankind’s growing perception of wealth and value; but the relevant methodologies continue to measure wealth by monetary unit only. Therefore, they still limit the concept of wealth in the economic field, ignore the huge non-material wealth in society and fail to take into account the plural value foundation of wealth. Money and markets emphasize economic value but simplify other types of value (Vatn, 2000).

In free markets, economic value is created mainly by private companies, entrepreneurs and their employees. However, in the event of market failure, the creation of economic value is accompanied by the undermining of other public values. In economics, the externality is the spillover of value to society; however, only the effects measured by monetary unit are considered. Actually, the destruct of environment without monetary loss, for example, killing animals or cutting forest in a remote area, could also harm somebody’s feelings and so could be defined as psychological externality. Similarly, monopolies, information asymmetry, and

excessive income gaps would all weaken social justice (Dong, Christensen & Painter, 2011). However, the undermining of non-economic public values is either difficult to measure or simply transformed into monetary numbers and concealed by economic value aggregation and maximization. A failing market is both unjustifiable and unethical; therefore, the history of government regulation on laissez-faire markets should not be understood narrowly as arbitrary government intervention but should be seen as the pursuit and creation of public values,<sup>10</sup> while these regulations should be based upon deliberation and justice. Although there have been hotly debates about the function of government and the market – indeed, both institutions might fail if judged in terms of public value creation (Bozeman, 2002) – research on public values could provide a new perspective on the role of government and NPOs, namely that they can create values.

### **Political Values**

Owing to the dichotomy between politics and administration, political values are frequently regarded as distinct from public values. However, this validity of distinction is debatable, since politics and administration inevitably overlap. Freedom, democracy, justice, equality, social stability and the rule of law, among other things, are generally accepted as important political values (Kallos and Trasnea, 1982; Rohr, 1988; Williams, 2001; Goren, 2005; Rosenbloom, 2007), as well as public values in the inventory of Beck Jørgensen and Bozeman (2007). If government and administration are regarded as a branch of the political system, it is reasonable to re-categorize the public values invoked in public administration discourse as political values. Indeed, this re-categorization and clarification could restore the

original meaning of “public” and “publicness”.

In contrast with economic values, most political values (such as freedom, democracy and justice) are profound and controversial philosophical concepts that have been normatively posited since ancient Greece, while their ambiguity means that their influence is weak compared with that of economic values. However, political values can still guide human behaviour and be measured roughly by various objective indicators and subjective surveys. For example, the Economic Freedom Index comprises five indicators: the size of government, the legal structure and security of property rights, access to sound money, freedom to exchange with foreigners and credit, labor and business regulation (Gwartneya and Lawson, 2003). Some of these indicators are objective and others subjective. The EIU’s Democracy Index covers five areas: electoral process and pluralism; the functioning of government; political participation; democratic political culture and civil liberties (Kekic, 2007), all of which are subjective. The Worldwide Governance Indicators identify six areas: voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, the rule of law and control of corruption (Kaufmann and Mastruzzi, 2005), all of which are subjective. Although neither infallible nor comprehensive, these indexes are able to measure the related values such as freedom, democracy, and governance, and have been used universally for quantitative analysis. Indeed, similar methods could be used to measure all the public values in Beck Jørgensen and Bozeman’s (2007) public value inventory, as Walby (2012) did on justice and capabilities.

The above-mentioned indexes and indicators measuring political values fall roughly into two categories: objective and subjective (the same applies to the social values discussed

below). Objective indicators such as GDP and the HDI have traditionally been regarded as scientific and reliable. However, as many public values are ambiguous and dependent on the individual's perception, cognition and awareness, subjective surveys and the Likert scale have been used universally to measure values. In the OECD Better Life Index, the main question is "Overall, how satisfied are you with life as a whole these days?" Respondents are required to answer on a scale of 0–10 (Helliwell, Layard and Sachs, 2013). A similar methodology is used by the Economic Freedom Index (Gwartneya and Lawson, 2003), the Democracy Index (Kekic, 2007), the World Value Survey (Inglehart, 2008), the Corruption Perception Index, Gallup and Pew, among others. The large discrepancy between the results obtained from objective indicators and subjective surveys is of sufficient significance to be researched (Wasserman & Chua, 1980; Kahneman & Krueger, 2006; Layard, 2006). A possible reason for that discrepancy is that the subjective survey permits a comprehensive appraisal by the individual on the identified objects, whereas objective indicators do not permit such an appraisal.

All objective and subjective measurements are quantitative. However, given the ambiguity of public values, qualitative measurement may be essential, although it is generally regarded as controversial, unreliable and unscientific. The qualitative measurement of some public values is a comprehensive, albeit rough, evaluation of and judgment on some value that is embedded in a situation, society, institution, form of behaviour or other phenomenon. Such measurement could take the form of the Likert scale used in a happiness survey, while qualitative description, elaboration and demonstration could be used in the diverse forms of a poem, novel, documentary or music. Deciding how to undertake such qualitative

measurement is a complex psychological process affected by multiple factors including family, experience, education and social interaction. The conflict, deliberation and aggregation of the individual's perceptions of various values would lead to the formation of public values that can be roughly discovered by reliable questionnaires.

Political values are created by public-sector institutions, including the government, the legislature and the judiciary. The value of good and effective laws, as well as that of fair and reasonable legal judgments, is generally (but not necessarily) regarded as higher than that of any amount of money. The traditional idea is that the public sector does not create values but only redistributes them. However, while public organizations and their managers engage in problem-solving and innovation just as companies and entrepreneurs do, money is not a prime consideration, nor is it an indicator of measuring their performance. Thus, from the perspective of value creation, politicians, public managers and their employees can be defined as "political entrepreneurs" (Schneider and Teske, 1992; McCaffrey and Salerno, 2011), whose ultimate goal is not profit but public value.

### **Social Values**

For the purposes of this paper, the social sphere is narrowly defined as the sphere outside the economy and politics – for example, education, health, family, culture, environment and crime, all of which inevitably overlap with the economic and political spheres. Posner (2013) gave a comprehensive list of social value and many are included in the public value inventory of Beck Jørgensen and Bozeman (2007). Government is responsible for creating and protecting most of these values, either directly or indirectly, via social policy and social

legislation, for example, providing schools and hospitals, safeguarding the family and marriage, reducing crime levels and protecting the environment and biodiversity. Unlike in the case of economic value, identifying social values often poses major challenges on resolving controversies over issues such as same-sex marriage or social inequality, assessing the relative importance of various social values and allocating limited public resources to diversified value creation. Such tasks involve multiple or even conflicting goals and are hence much more controversial than the creation of economic values by companies. Thus the answer to Allison's question (1983) – namely, “Are public and private management similar in all unimportant respects?” – is that they are similar as regards the creation of public values but different with regard to various forms of value.

Social values are difficult but not impossible to perceive and measure. Some social values embedded in areas such as health, education and quality of life can be measured in terms of objective indicators such as social security expenditure, life expectancy, infant mortality rate, literacy rates and college enrollment; they can also be measured by subjective surveys such as happiness and feeling of security. As in the case of political values, there will be significant discrepancies between objective and subjective measurements on social values. For example, happiness as an important social value can be assessed by the Likert scale in the General Social Survey, while it differs considerably from objective indicators such as GDP and income (Blanchflower & Oswald, 2004; Easterlin, 2003; Layard, 2006). The Gross National Happiness Account has been proposed as a better methodology for measuring well-being than the traditional National Income Account and GDP (Stiglitz, Sen & Fitoussi, 2008; Kahneman et al., 2004). Mulgan (2010) has reviewed comprehensive methodologies of

social-value measurement, including cost-benefit analysis, stated preferences, revealed preferences, social impact assessment, public value assessment, value-added assessment, quality-adjusted life years, government accounting measures and so forth. All these methodologies synthesize objective and subjective indicators, and there is little difference between the measurement of political values and social values.

Besides government, the institutions that directly create social values are NPOs and NGOs. Though indisputably significant, their achievements and contributions to society are hard to measure in terms of money and profit (Auerswald, 2009). Moreover, the process of social-value creation by these organizations is similarly complex as economic value creation that consumes resources and requires managerial skills and innovations. Thus NPOs and NGOs can be regarded as “social firms” and their leaders as “social entrepreneurs” (Leadbeater, 1997; Martin & Osberg, 2007). Scientists, writers, artists and athletes can create social values in their specific fields either as individuals or as part of their organizations. Even ordinary people without any remarkable achievements can create social values if they live in a healthy and worthy way. This understanding of social value is in harmony with the original meaning of the word “value” as the worth and meaning of something (Nabatchi, 2012).

Environmental value can be categorized as economic, political or social value, since the environment can be a kind of commodity, civic and ethical good together. Owing to its increasing importance, it can be seen as a fourth category of public value.<sup>11</sup> Because the environment is a holistic phenomenon and thus many environmental goods (for example, trees, animals or oil) are only demarcated part of the environment as a whole, the economic

value of the environment – or what is known as natural capital – is only a small part of its total value. Moreover, the environment is the source of such diverse and incommensurable values as intrinsic, aesthetic, cultural, ecosystem-related, heritage-related, historical, moral, religious, spiritual, scientific and social values – none of which can be measured or transformed by money (O’Neill, 1992; Trainor, 2006; De Vries, 2008). This means that the environmental issue is not only an economic issue based on numerical cost-benefit calculation but also a moral, social, political and scientific issue rooted in various forms of value cognition, balancing and compromising. Indeed, research on environmental value has much in common with that on other public values.

### **Indicators of Public Values and Social Development**

Most economic, political and social indicators are explicitly or implicitly based on public values; and social development can be recorded and measured by these indicators in certain fields. However, the weighting and ranking of several indicators means that different public values have to be compared based on monistic approach, which violates the incommensurability and incomparability of pluralist values (Chang, 1997). For example, when compiling the Economic Freedom Index, Gwartneya & Lawson (2003) admitted that “we struggled with how the components should be aggregated into area and summary ratings” and that “none of these alternative methods is completely satisfactory.” The HDI is the geometric mean of the three dimension indicators of life, education and income, and gives the same weight to all three values (UNEP, 2013). While it can provide a rough measurement of the social development of the economy, education and health of a nation, it still lacks a



precise theoretical explanation of the relationship between those values. In addition, the compounding of indicators entails the risk that some values will be overlooked. The HDI does not include major values like environment, family, culture and happiness; therefore, not as its name suggests, it does not measure social development comprehensively. A more appropriate approach might be to measure the indicators of all public values thoroughly, report them comprehensively, and allow the new values and indicators to be proposed in public debates. The weighting and evaluation of the relative importance of the various values and indicators could be left to citizens and policymakers.

### **The Open Public Value Account**

In order to measure comprehensive social development, it is possible to use an open public value account like the one shown in Table 1 and described in detail below. First, owing to the large range of public values, the listing of the full account and indicators is necessarily very complex and lengthy.<sup>12</sup> It is logical to categorize these indicators into economic, political and social public values, although other categorizations are possible. Second, the indicators may be objective or subjective, and the discrepancies between them should be taken into account. Third, any specific social field and its development can be measured by using part of the account, but it should be noted that other public values should not be overlooked. Indeed, the aim and function of an open public value account is to show comprehensive social development. Fourth, although the quantification of some values and indicators is feasible and the capacity for handling large amounts of data has increased significantly, the qualitative evaluation and subjective judgment of some values is both unavoidable and essential. For this

reason, some questions are asked at the end of the account in order to avoid overlooking any values and indicators, as well as to urge individuals and policymakers to find the necessary balance and make the required trade-off between different values. These questions could be regarded as the qualitative measurement of values. Finally, given the controversy and ambiguity surrounding most public values, fresh evidence, new indicators and proposals for new values are to be welcomed. In this way, the public value account will be truly open and unlimited.

**Insert Table 1 here.**

As the world's most important developing and developed countries respectively, China and the US are worthwhile to be compared on their different modes of public value creation. In the case of China, a public value hierarchy clearly exists. Focusing primarily on economic values over the last three decades, China has significantly increased its GDP and become the second-largest economy in the world. But at the same time, due to overlook other public values, serious social problems have emerged in the fields of environment, social equality and political corruption. By contrast, the US is one of the richest and most powerful countries in the world; but in terms of many other public values, such as infant mortality reduction, lowering health-care costs and removing biases, teenage pregnancy prevention, gender equality as well as poverty and social inequality reduction, it is still found to be wanting. The aim of comparing public value creation in China and the US is not to provide a comprehensive performance review but rather to show how developing and developed

countries are at different stages of social development and hence have different public value profiles and challenges.

### **Public Value Creation in China**

Since market-oriented reforms were launched in 1978, China has experienced rapid economic growth for more than 30 years. In 2013 its GDP amounted to 9.2 trillion in current US\$, ranking second after US (US\$16.8 trillion) (World Bank, 2014), and is likely to overtake the latter around 2020 (*The Economist*, 2011; Yang, 2013). Embracing the market system is the key to this great economic success. Over the past three decades the Chinese government has abandoned the planned system and socialist/communist ideology in a painful and controversial process and finally established basic market system. Numerous private companies have emerged and made significant contributions to the creation of economic value. State-owned enterprises have been more successful on the world market than the past. Although market failures are still common and public values such as the environment, social justice and democracy are still lacking, economic achievement has brought it huge benefits and provided it opportunities to launch more reforms.

Strong and stable economic growth has benefited China in numerous respects including education, health, poverty reduction and infrastructure. China's HDI value for 2013 was 0.719, ranking 91st out of a total of 187 countries. By comparison, Russia scored 0.7778 (57th), Brazil 0.744 (79th) and the US 0.91 (3rd). However, China shot up an impressive 10 places in the ranking between 2008 and 2013 (UNEP, 2013). Given its poor starting point, its large population and the huge income gap between the cities and the countryside, the Chinese

government's achievement on HDI is impressive. Similarly, there is compelling evidence of its achievements on poverty reduction that between 1981 and 2008 more than 900 million Chinese escaped extreme poverty – which is more than the total extreme poor population of the rest of the world. Moreover, there has been major progress in the development of infrastructure including transportation, electricity, ICT and other utilities during the same period. In general, most detailed indicators on the economy, education, health and infrastructure confirm the huge public value creation achievements of the Chinese government in these fields over the last three decades.

However, these achievements are offset by the huge social costs and the deterioration in other important public values. The public values most lacking in China today are probably equality, environmental protection and democracy. First, over the course of 30 years, China has transformed from one of the most equal countries in planned system to one of the most unequal ones in market system. Its Gini coefficient slipped from 27.69 in 1984 to 42.63 in 2008, although in terms of economic equality, Russia, Brazil and South Africa all scored even worse than China. This raises an interesting and important question, namely, whether economic equality and economic growth can coexist during the initial stage of development. The experience of China, Russia, Brazil and South Africa suggests that the answer to that question is “no”. The possible reason is that economic value is regarded as more fundamental than economic equality in the hierarchy of public values (Christensen, Dong & Painter, 2008).

Second, the devastating consequences of environmental pollution are now serious. Smog in Beijing and the eastern half of China is becoming worse and worse (Alles, 2013; Green

Peace, 2012; Wang & Hao, 2012). Residents and officials are being forced to rethink and change their evaluation on environment and economy. Recently, central and local governments have introduced the strictest emission regulations. Meanwhile, China has the highest level of CO2 emissions in the world – though measured in terms of CO2 emission per capita, it is not high – indicating that its economic growth is unsustainable. It will be interesting to see if the Chinese government can be as successful in combating air and other pollution as it has been in creating economic value and staging one-off events like the 2008 Beijing Olympic Games. Indeed, its centralized and authoritarian approach may enable it to achieve its environmental policy goals once it has acknowledged that environmental value is more important than economic value.

Third, political values such as democracy, freedom and governance are conspicuously absent in China. According to various subjective surveys, China's performance on these values is poor. For example, in the Economic Freedom Index (Gwartney and Lawson, 2003), China ranked 95th out of 123 countries in 1999. In the 2007 EIU Democracy Index (Kekic, 2007), it ranked 138th out of 167 countries. As regards the Worldwide Governance Indicators in 2004 (Kaufmann and Mastruzzi, 2005), its percentile rankings on “voice and accountability”, “political stability and absence of violence”, “government effectiveness”, “regulatory quality”, “rule of law” and “control of corruption” were 5, 28, 56, 44, 39 and 39, respectively. While the Chinese government has endeavored to improve public values related to public administration – such as efficiency, executive capacity and anti-corruption – it still refuses to accept democracy (that is, general elections under a multi-party system) as a universal public value, and continues to believe that political stability is more important than

democracy. Indeed, the acknowledgement of democracy as an important public values is the prerequisite for the creation of that value.

### **Public Value Creation in the US**

Historically, both the government and the people of the US have created tremendous public values. The development of US can be viewed almost as a miraculous episode in the history of humankind. If measured by the most common indicators, such as GDP, scientific and technological progress, education, military power, freedom and democracy, the performances of the US in terms of those public values are undoubtedly one of the best in the world. But if the evaluation is expanded to broader public values, the figures are less impressive. There is an urgent need to reassess US government policies and business practices according to the Real Wealth Impact Statements (Eisler, 2008), where the “real wealth” is founded on public values other than economic wealth.

First, the US ranked third all over the world on HDI in 2013, but that ranking conceals its deficient performance on creation of various public values that are not included in the HDI. For example, it ranked 36th out of 199 countries on the indicator of “life expectancy at birth”, behind Greece (19th), Chile (27th), Costa Rica (29th), Slovenia (33rd) and Cuba (35th) (UNDP, 2013). In 2014 it ranked 76th out of 224 countries on the indicator of “infant mortality rate” according to the CIA World FactBook (CIA, 2014), thereby trailed many poorer nations such as the Czech Republic (7th), Cuba (42nd), Greece (44th) and Hungary (46th). In terms of the “maternal mortality rate”, the US ranked 48th out of 179 countries in 2010, behind Bosnia and Herzegovina (23rd), Bulgaria (32nd), Slovenia (36th) and Turkey

(45th) (WHO, 2013). Moreover, that indicator had worsened during the last two decades (12, 12, 14, 18 and 21 maternal deaths per 100,000 live births in 1990, 1995, 2000, 2005 and 2010, respectively), while during the same period, most countries witnessed a steady improvement. In addition, while US expenditure on health care is much higher than that of any other industrialized countries, the level of satisfaction among US citizens receiving such care is lower than Germany, Canada, Switzerland, France, Belgium and the UK. This is a reflection of how the US health-care system is extremely biased towards the richer segment of the population (Deloitte, 2011).

Second, there are other indicators on which the US's performance on public value creation is poor, such as the role of the family, CO2 emissions and poverty reduction. The US has one of the highest teenage pregnancy rates and one of the highest murder rates in the industrialized world (Gapminder, 2013). It has by far the highest level of CO2 emissions per capita and CO2 accumulation in the world. The issue of CO2 emissions is so politically controversial that it is difficult to take effective measures to reduce them. However, resolving that controversy is a prerequisite for public value creation. Moreover, despite being one of the world's richest countries, the US has the highest overall poverty rate (17.0 per cent), the highest child poverty rate (21.9 per cent), the second-highest poverty rate among the elderly (24.7 per cent) and the highest permanent poverty rate (14.5 per cent) out of the 17 industrialized countries that belong to the OECD (Economic Policy Institute, 2004/2005).

Third, there is still much more to be done in the US with regard to the political values of gender equality, democracy and freedom. For example, the US ranks 81st out of 145 countries in terms of the percentage of women in the national parliament in 2013, lagging all

the other OECD countries as well as many developing countries such as Cuba (3rd), Ethiopia (36th), China (55th) and Poland (54th) (Inter-Parliamentary Union, 2013). Other controversial political and social issues include gun control, health-care reform and climate change, while the level of controversy and debate surrounding the creation of those public values poses a major challenge for US “political entrepreneurs”.

In terms of subjective well-being or happiness, the US ranked 17th out of 156 countries in 2013 (Helliwell, Layard and Sachs, 2013), behind most Nordic states as well as Switzerland (3rd), the Netherlands (4th), Canada (6th), Israel (11th), Costa Rica (12th), Panama (15th) and Mexico (16th). That ranking can be explained by the fact that subjective well-being is strongly correlated to GDP per capita and the HDI. However, measured by Happy Planet Index (HPI), which divides the product of subjective well-being and life expectancy by ecological footprint,<sup>13</sup> the US ranked only 105th, while the leaders included Costa Rica (1st), Vietnam (2nd), Colombia (3rd), Jamaica (6th), Nicaragua (8th), Bangladesh (11th) and Cuba (12th); Norway (29th), Germany (46th) and China (60th). Thus, according to these HPI rankings, rich and poor countries, or developed and developing countries, should switch status. The indicators that individuals and policymakers choose will determine how they evaluate.

This paper’s aim is neither to be captious to highlight the US’s poor performance on some indicators, nor to praise the achievements of Chinese government on other indicators, but to reinforce the main arguments that measurement by different indicators paints very different pictures of social development. Compound indexes such as the HDI and the HPI may contain a lot of information and facts but remain blurred in all the details, and their focus



on some public values may cause others to be overlooked. For this reason, the open public value account (and its focus on comprehensive social development) is essential.

## **Conclusion**

Both “public” and “value” are profound and controversial concepts. Their ambiguity has hampered the functioning of public values at the heart of public administration (Nabatchi, 2012). Human society can be roughly divided into spheres of economic, political and social and the various values embedded in those spheres can be categorized as public. Public values should not only pertain to the traditionally narrow public sector but should be expanded to society as a whole. At the core of society, the government, the legislature and the judiciary are directly responsible for creating political values, while they are also responsible for guaranteeing the creation of economic and social values via public and social policies. All these values lay the foundation for various categories of wealth, and it is reasonable to suggest that the traditional concept of wealth can be expanded to include not just economic but also political and social wealth. So Adam Smith’s *The Wealth of Nations* and the various proposed modern equivalents – the “Changing Wealth of Nations”, the “Inclusive Wealth of Nations” and the “Real Wealth of Nations” – have consistent value foundation (Eisler, 2007; UNU-IHDP & UNEP, 2012; World Bank, 2006, 2011). The traditional notion that only “economic entrepreneurs” create economic value can be modified correspondingly that politicians, public administrators and social activists can all be similarly regarded as “entrepreneurs” who create public values.

Measurement is one of the most difficult issues in public value studies (Beck Jørgensen

and Bozeman, 2007). Simplicity and measurability have endowed economic values with significant power in market society, while complexity and incommensurability have weakened the influence of other public values. However, all public values can be measured by subjective surveys and the Likert scale, and most economic, political and social indicators are based upon some public values either explicitly or implicitly. Although the quantitative measurement on public values is generally regarded as scientific and reliable, the qualitative measurement on public values is also essential. The discrepancies between subjective and objective measurement, quantitative and qualitative measurement should be noticed by policy makers.

Based on an “open public value account”, this paper has examined comprehensive social development in China and the US. Our research clearly shows that developing and developed countries are at different stages of social development and thus have different public value focuses. All of those countries have created a large body of public values and achieved social development in different fields and to different extents, and simultaneously suffered different social problems and public value loss. The failure of developing countries like China to create public values such as democracy, freedom and environmental protection cannot be explained solely by the unwillingness to pursue such values, but by the identification of economic values as more fundamental than various political and/or social ones at the countries’ current stage of social development.

Studying public values is a broad research field that could be extended to nearly all social spheres. This paper has explored only the most basic definitions of public values and how to measure them. There are numerous important future research directions. First, a more

detailed and comprehensive open public value account could be compiled country by country to remind officials and citizens that they have enjoyed some particular public values but in pursuing economic development, some public values may be destructed or abandoned. This could help policymakers to take account of comprehensive social development and to change their public value priorities in a timely manner. Second, it is essential to be able to obtain and measure reliable data on important public values such as happiness, democracy, equality, justice, freedom and transparency, which could be incorporated into the general social surveys as that has been done in the World Value Survey (Inglehart, 2008) and by the Pew Research Center and Gallup organization.<sup>14</sup> Third, the process and approach of public value creation are particularly interesting and worthy to be explored in both case and country studies. It is important to know not just how economic values are created but also how values like happiness, democracy, freedom, equality, transparency and justice come into being.

## **Notes**

1. Current researches tend to view public values as being political values such as democracy, freedom, and transparency. This paper, however, expands the concept to include economic and social values in accordance with the definitions of “public” and “publicness”. Beck Jørgensen and Bozeman’s (2007) public value inventory includes most political values but does not mention social values such as happiness and love. They pose the question of how public values fit together and argue that hierarchy is one type of fit, but there are many other considerations – for example, conflicting values such as efficiency and equality.

2. In 2014, the journal *Public Administration Review* organized a symposium on “Exploring the Value of Public Value” and published a series of papers on public value in Vol. 74, No. 4 (2014).
3. The concept of value can be further classified into intrinsic vs. extrinsic, objective vs. subjective, absolutism vs. relativism. Some philosophers such as Plato and G. E. Moore insisted that value is objective and intrinsic, like temperature and other qualities independent of human existence. Their idea has been termed value objectivism, value absolutism, or value Platonism. Others like Thomas Hobbes and David Hume regarded value as a kind of subjective emotion – hence the term value emotivism or value nihilism. John Dewey believed that values are constantly changing and that there are no timeless intrinsic “goods” and “bads”. He initiated the school of value pragmatism or value relativism. Another school thought that value reflects the relationship between human beings and objects (Zimmerman, 2007).
4. These three viewpoints can be found at <http://management.about.com/od/metrics/a/Measure2Manage.htm>, <http://www.forbes.com/sites/lizryan/2014/02/10/if-you-cant-measure-it-you-cant-manage-it-is-bs/> and <http://www.computerworld.com/article/2494697/it-management/paul-glen--even-if-you-can-t-measure-it--you-still-must-manage-it.html>.
5. Sociologists are generally more cautious about defining development than are economists. For example, Giddens (2006, pp. 38) states: “We should not idealize the circumstances in which hunters and gatherers have lived, but nonetheless, the absence of war, the lack of major inequalities of wealth and power and the emphasis on cooperation rather than competition are all instructive reminders that the world created by modern industrial

civilization is not necessarily to be equated with ‘progress’.”

6. In Benington and Moore (2011), comprehensive arguments are made in favour of public values like the environment, deliberative democracy, health policy, poverty reduction and education.
7. Beck Jørgensen and Bozeman (2007) suggest that “government has a special role as a guarantor of public values, but public values are not the exclusive province of government, nor is government the only set of institutions having public value obligations”.
8. There must be social consensus over the legitimacy of private property rights and individual income. This means that “privateness” should be based on “publicness”, otherwise social conflicts will emerge and “publicness” will be harmed. Bozeman (2012) notes the serious conflicts between the rich and the poor in the US and goes on to identify concepts pertaining to “public” and “public value”.
9. For example, using the “willingness to pay” methodology, Costanza et al. (1997) estimated the value (most of which is outside the market) of 17 ecosystem services for 16 biomes on earth as US\$16–54 trillion per year and an annual average of US\$33 trillion – by comparison, total global GDP is around US\$18 trillion per year. This value is obviously economic value. Bateman’s (2013) paper on *Science* also use the similar methodology.
10. Moore (2013, pp. 314) states: “At the turn of the twentieth century the progressive movement gave birth to many institutions that encouraged rationality in government that survive today. Many of the formal mechanisms of accountability that we rely on to keep

the government from stealing or wasting money and to ensure that public officials are technically qualified for their positions were created during the progressive era.”

11. This important point was made by one of the reviewers of this paper. Environmental value has characteristics similar to those of political and social value. Research on environmental value has led to the establishment of a specific field and the publication of the specialist academic journal *Environmental Values*.
12. For example, the World Development Indicators have 331 items including agriculture and rural development, aid effectiveness, climate change, economic policy and external debt, education, energy and mining, the environment, the financial sector, gender, health, infrastructure, labour and social protection, poverty, the private sector, the public sector, science and technology, social development and urban development (World Bank, 2013).
13. The HPI is calculated using the equation below (Helliwell, Layard and Sachs, 2013). The ecological footprint is the measurement of human demand on ecosystem services by the unit of global hectares per capita (Borucke et al., 2013).

$$\text{Happy Planet Index} \approx \frac{\text{Experience Well-being} \times \text{Life Expectance}}{\text{Ecological Footprint}}$$

14. Research on public values indicates that people’s subjective perception, awareness and cognition of values can diverge from the facts. Just as natural scientists focus on facts, subjective value and evaluation are also kinds of facts that worthy to be researched by social scientists. The detailed information on people’s subjective values is important for policymaking, as Bozeman (2012) stated that “the Pew study underscores changes in perceptions and opinions, always important”.

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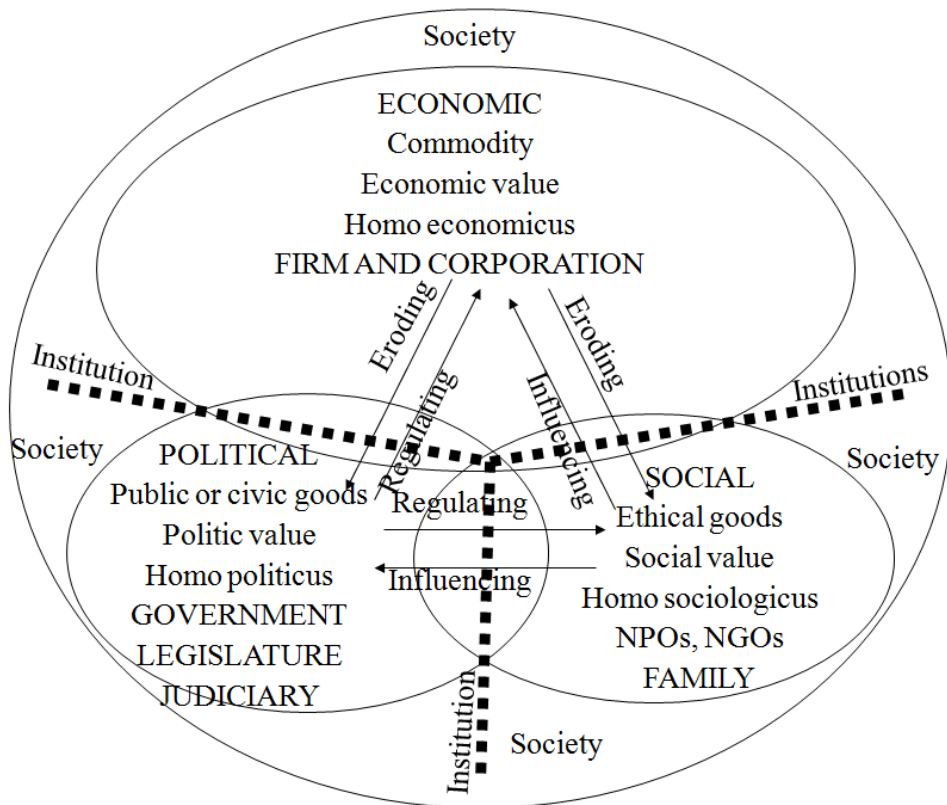


**Table 1: Open Public Value Account**

<b>Public Value</b>	<b>Indicators</b>	<b>US Performance</b>	<b>China performance</b>	<b>Data Source</b>
<b>Economic Value</b> • <b>Income</b> • <b>Infrastructure</b> • <b>Transportation</b> • <b>Communication</b> • <b>Electricity</b> • <b>Water</b> .....	• GDP • National income	Good, overall	Good, on growth	World Bank (2013)
	• GDP per capita	Good	Good, but weaken by huge population	World Bank (2013)
	• HDI	Very good	Fair, but good on growth	UNEP (2013)
	• Internet users • Motor vehicles • Rail lines • Electric power consumption	Good	Good, on growth	World Bank (2013)
	• Subjective well-being	Fair	Fair	World Happiness Report (2013)
	• Poverty reduction	<b>Very Poor</b>	Good	World Bank (2013)
<b>Political Value</b> • <b>Freedom</b> • <b>Democracy</b> • <b>Governance</b> • <b>Transparency</b> • <b>Justice</b> • <b>Equity</b> .....	• Gini coefficient	Good	<b>Poor, very uneven, but improving rapidly.</b>	World Bank (2013)
	• Freedom index	Good	Poor	Gwartneya and Lawsonb (2003)
	• Democracy index	Good	Poor	Kekic (2007)
	• Proportion of seats held by women in national parliaments	<b>Poor</b>	Good	Inter-Parliamentary Union (2013)
	• World governance indicator	Good	Poor	Kaufmann & Mastruzzi, (2005)
<b>Social Value</b> • <b>Health</b> • <b>Education</b> • <b>Family</b> • <b>Culture</b> • <b>Crime</b> .....	• Life expectancy • Literacy rate • School enrollment • Maternal mortality • Infant mortality	<b>Fair</b> Good Good <b>Fair</b> <b>Fair</b>	Good on growth Good on growth Good on growth Good on growth	World Bank (2013)
	• Health expenditure	<b>Highest</b>	Increasing	WHO (2013)
	• Health satisfaction	<b>Poor</b>	Fair	Deloitte (2011)
	• Teenage pregnancy	<b>Poor</b>	Good	WHO (2013)
	• Murder rate	<b>Poor</b>	Good	Gapminder (2013)
	• Science & technology	Very good	Good on growth	World Bank (2013)

<b>Environment value</b> • <b>Climate</b> • <b>Biodiversity</b> .....	• CO2 emission	<i>Poor</i>	<i>Poor</i>	World Bank (2013)
	• PM10, PM2.5	Good	<i>Poor</i>	World Bank (2013) Alles (2013) Green Peace (2012) Wang & Hao (2012)
	• Ecological footprint	<i>Poor</i>	<i>Poor</i>	Borucke et al., (2013)
	• Happy Planet Index	<i>Poor</i>	<i>Poor</i>	Helliwell, Layard & Sachs (2013)
<b>Questions</b>	<ul style="list-style-type: none"> <li>• <b>Are there any important indicators and values ignored?</b></li> <li>• <b>What are the most important indicators and values?</b></li> <li>• <b>Do you have any other value considerations and evidence?</b></li> </ul>			

Note: Performance is scored as follows: Very good, good, fair, poor or very poor.



**Figure 1: Trichotomy of Society and Their Values**