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Win-Win Policy for Developing and Industrial Nations: Six Examples

雙贏政策：開發中國家與工業國家的六個實例探討

*Stuart Nagel

摘 要

雙贏政策分析指對爭議中之政策問題能指出保守的、自由的，以及其他觀點的方案，以同時符合各自最好的期望。本文以開發中國家與工業國家的經濟、科技、社會、政治、國際與法律政策為實例，尋找雙贏方案，其目的在增進經濟成長、提升國民所得，和生活品質。

關鍵詞：雙贏政策、經濟政策、科技政策、社會政策、政治政策、國際政策、法律政策、經濟成長。

ABSTRACT

Win-win policy analysis refers to finding alternatives to policy controversies which can enable conservatives, liberals, and other major viewpoints to all come out ahead of their best initial expectations simultaneously. Win-win policy is illustrated by examples from economic, technology, social, political, international, and legal policy. The underlying goal in choosing win-win alternatives is to promote economic growth, improved per capita income, and a better quality of life in China, Asia, and elsewhere.

Key Words: win-win policy, economic policy, technology policy, social policy, political policy, international policy, legal policy, economic growth.

* Professor, Dirksen-Stevenson Policy Institute and University of Illinois.
作者為美國伊利諾州檳城大學政治系退休教授，現仍主持「政策研究組織」
(Policy Studies Organization)。

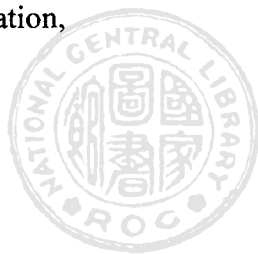
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Win-win policy analysis in this context can be defined as handling policy problems by finding solutions that exceed the best initial expectations of conservatives, liberals, Republicans, Democrats, or whoever are the major groups, sides, or viewpoints in the policy dispute. Win-win is also called super-optimizing or doing better than the previous best of all major groups.

There are basically five steps to win-win policy analysis:

1. What are the major goals of conservatives, liberals, or other major groups who are disputing what policy should be adopted for a given policy problem?
2. What are the major alternatives of those groups for dealing with the policy problem?
3. What are the relations between each major alternative and each major goal? In their simplest form, these relations can be expressed in terms of a minus sign (relatively adverse relation) and plus sign (relative conducive relation), and a zero (neither adverse nor conducive relation).
4. What new alternative is there that might be capable of:
 - a. achieving the conservative goals even better than the conservative alternative, and
 - b. simultaneously capable of achieving the liberal goals even more than the liberal alternative? Whatever new alternative meets these two criteria is a win-win alternative or a super-optimum solution.
5. Is the proposed win-win alternative capable of getting over various hurdles that frequently exist. These hurdles may be political, administrative, technological, legal, psychological, and economic in random order. Win-win solutions should also consider how to upgrade workers and firms that may be displaced by downsizing due to increased productivity, free trade, defense conversion, immigration, merit treatment, labor utilization, creativity, and related factors.



There are various ways of facilitating ideas for win-win solutions. Some of the ways include:

1. Expand the resources available so that both liberal and conservative goals can be achieved.
2. Modify the liberal alternatives so they also achieve the conservative goals, and/or modify the conservative alternatives so they also achieve the liberal goals.
3. Re-define the problem to emphasize goals, rather than alternatives.
4. Fully combine alternatives that are not mutually exclusive.
5. Make use of a mind-stimulating matrix that shows goals on the columns, alternatives on the rows, and scores or directions of relations in the cells. Have an empty row at the bottom of the matrix for inserting words and data on possible win-win solutions.

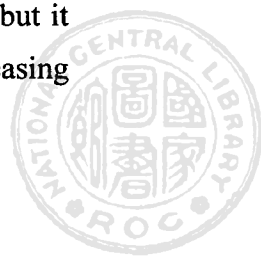
The purpose of this short paper is to show how win-win analysis can be applied to the six basic public policy fields of economic, technology, social, political, international, and legal policy. The examples that are used occur in Africa, Asia, East Europe, Latin America, North America, West Europe, and anywhere.

All these examples relate to the general idea of increasing the gross national product. Doing so can feed back on improving economic, technology, social, political, international, and legal policy. The six win-win examples are tied together in the appendix entitled "The Win-Win Developmental-Productivity Cycle."

I. ECONOMIC POLICY: UNEMPLOYMENT AND INFLATION

A. CONSERVATIVE ALTERNATIVES

Doing nothing is not likely to worsen unemployment or inflation, but it is also not likely to help. Decreasing the money supply and increasing



interest rates may decrease inflation, but increase unemployment. The same is true of decreasing government spending and increasing taxes. The Reagonomics approach involves decreasing taxes to stimulate employment, and decreasing domestic spending to reduce inflation. The Democratic counterpart as of 1980 was to increase employment through government jobs and decrease inflation through price control.

Raising interest rates to decrease inflation may have the effect of decreasing prices by reducing spending from borrowed money. Those benefits may be more than offset by the undesirable effects on reducing the ability of business to borrow for expansion, inventory, and other purposes. The reduction in spending may also have an adverse effect on employment.

Raising taxes and decreasing spending to fight inflation may not be politically feasible. It would also reduce the ability of the government to give tax breaks and well-placed subsidies to increase productivity. See Table I.

B. LIBERAL ALTERNATIVES

Increasing the money supply and decreasing interests may stimulate employment, but increase inflation. The same is also true of increasing government spending and reducing taxes.

Lowering interest rates to decrease unemployment may have little impact because businesses are reluctant to borrow when they are reducing their operations and sales are down. Likewise, consumers are reluctant to borrow when they are already heavily in debt and fearful of a reduction in employment or hours.

Lowering taxes and increasing spending to fight unemployment may not be politically feasible when the national debt and deficit are already too high.



C. A WIN-WIN ALTERNATIVE

Increasing the adoption of new technologies and raising the skills of workers to help to reduce inflation by (1) increasing the productivity of labor to offset increased wages, (2) increasing the quality of goods to offset increased prices, and (3) increasing the GNP and domestic income to further offset increased prices.

TABLE 1 INFLATION AND UNEMPLOYMENT

CRITERIA	C	L
ALTERNATIVES	LOWER INFLATION	LOWER UNEMPLOYMENT
C	+	-
MONETARY POLICY (Change Interest rates)	Rates Up (Bad impact on profits & wages)	Rates Down (No impact on profits & wages)
L	-	+
FISCAL POLICY (Change taxing & spending)	Surplus (Not politically feasible)	Deficit (Not politically feasible)
N	0	0
LITTLE OF BOTH SOS OR WIN-WIN ECONOMIC GROWTH POLICY		
1. Increase Technology	++	++
2. Training		
3. Competition		
4. Free Trade		
5. Public Policies		

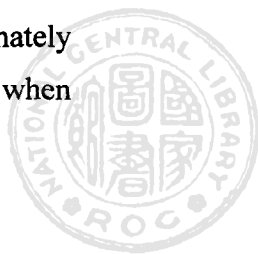


TABLE 2 CENTRAL GOVERNMENT VERSUS BUSINESS FIRMS
ON NEW TECHNOLOGIES

GOALS	C	L
ALTERNATIVES	Responsiveness	Uniformity or widespread
C		
Business decisions	+	-
L		
Government decisions	-	+
N		
Both	0	0
SOS		
1. 2% Payroll Tax 2. ot collected if used for new technologies	++	++

Increasing the adoption of new technologies and raising the skills of workers help to reduce unemployment by (1) making the workers more employable, (2) increasing the GNP and domestic spending to stimulate the creation of more jobs, and (3) increasing the productivity and wage rates thereby offsetting a possible reduction in hours.

The conservative alternative of having interest rates up in time of inflation and down in time of unemployment does not make sense if inflation and unemployment are simultaneously problems. That would be so if both were over 3%. Likewise, the liberal alternative of having a budget surplus in time of inflation and a budget deficit in time of unemployment does not make sense when both inflation and unemployment are over approximately 3%. One can, however, stimulate new technologies and upgrade skills when



inflation and unemployment are both occurring simultaneously.

II. TECHNOLOGY POLICY: CENTRAL VS. BUSINESS DECISIONS

Table 2 is entitled "Central Government Versus Business Firms on New Technologies." Conservatives would like to leave the adoption of new technologies solely to business firms with no government interference. Liberals like government agencies, such as the Japanese Ministry of International Trade and Industry. It makes big technology decisions regarding auto manufacturing, steel, electronics, computers, etc., for Japan. Conservatives abolished the U.S. Office of Technology Assessment because they viewed it partly as a step toward U.S. MITI.

In this context, conservatives again talk about responsiveness and business firms knowing best what technologies they need. Liberals likewise again talk about the need for uniformity on the assumption that most or many business firms will fail to adopt new technologies. The win-win solution might be the one proposed by Secretary of Labor, Robert Reich. He once was enamored of the Japanese MITI, but he later thought such an approach involved virtually playing God. Instead, he advocated a 2% payroll tax on every business firm in the United States, but with hopes that no firm would pay the tax.

The reason they would not pay is because the tax law would provide that they get a 100% credit if they use the money to buy new technologies. All they would have to do at payroll tax time is submit a form indicating how they have spent the money on new technologies. They would have a strong interest in not sending the money to Washington. They would also have a strong interest in improving their firm's technology as well as they can.

Some people would argue that business firms would spend the money



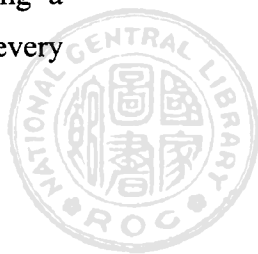
wisely without the payroll tax. Such an argument runs contrary to the fact that when President Reagan gave business firms a 30% across-the-board tax break, very little money went into new technologies, as contrasted to real estate, luxury goods, and high CEO salaries, and as contrasted to the Japanese investment. Thus, the 2% payroll tax credit does combine (1) responsiveness to the needs of the business firms since they know what technologies they need, and (2) the goal of having the U.S. more uniformly raise its technology.

III. SOCIAL-EDUCATIONAL POLICY: CENTRAL VS. INDIVIDUAL DECISIONS

Table 3 is entitled "Central Government Versus Individuals on Training." Conservatives would like to leave the decision to individuals as to whether to get training and what training to get in order to be able to adopt to changing times, especially technologies. Liberals would like to have the government set up training programs, possibly like the Works Progress Administration of the depression years, or like the public school system, but for adults.

By leaving it to individuals to make training decisions, conservatives argue that responsiveness to individual abilities and interests is more likely to be met. Leaving it to the individuals is also more likely to be responsive to market forces of supply and demand. Liberals justify a more governmental approach on the grounds that such an approach can bring everybody up to a certain level of computer literacy and knowledge of contemporary science. By raising virtually everybody above such a threshold, a desirable uniformity is obtained.

A win-win solution might involve the federal government giving a \$2,000 training voucher to every man, woman, and child or at least to every



adult over age 18. Such a voucher could be used to pay for whatever training each individual thought best in light of their abilities and interests and in light of the present supply and demand for people with the training the individuals pursue.

Such a policy would be highly responsive. It would also result in a high degree of training, which would not occur if people had to use their own money. Some people do not have the money available. Those who do may not be farsighted enough to spend it on training. The voucher would be worthless unless it is spent for training. It would be an earmarked voucher like a housing voucher or food stamps that could only be cashed in by accredited training programs or on-the-job training. The existence of so many vouchers would stimulate entrepreneurs to develop worthwhile training programs in order to attract the voucher holders.

Such a policy would be highly decentralized in terms of the decision-making, but yet centralized in terms of the funding. This provides the best of both in a win-win way. The winners are not only conservatives and liberals but also (1) individual trainees whose training enables them to earn higher and more satisfying incomes, (2) their trainers who make money performing a service by upgrading those individuals, (3) the government which gets more revenue from the increased gross national product more



TABLE 3 CENTRAL GOVERNMENT VERSUS INDIVIDUAL
DECISIONS ON TRAINING

GOALS	C	L
ALTERNATIVES	Responsiveness	Uniformity or widespread
C		
Individual decisions	+	-
L		
Government decisions	-	+
N		
Both	0	0
SOS		
1. Vouchers from government 2. Individual decisions on how to spend the vouchers.	++	++



TABLE 4 DECENTRALIZING TO LOWER AGENCIES OR TO PROVINCES

GOALS	C	L
ALTERNATIVES	Responsiveness	Uniformity or Widespread
C		
1. State-Local 2. Allocate 100% or all \$500	+	-
L		
1. Central 2. Allocate 100% or all \$500	-	+
N		
1. Regional offices 2. Central money, state-local rules 3. Central rules, state-local enforcement	-	+
SOS		
1. Both get \$500 2. Or more than \$250 apiece	++	++

than the cost of the vouchers, (4) the children and grandchildren of the trainees who now have better role models, (5) the customers, clients, patients, and other beneficiaries of the better trained individuals, (6) the savings to the taxpayers from various forms of public aid that might be paid to the trainees who might be otherwise unemployed without the training.



IV. POLITICAL POLICY: CENTRAL VS. STATE-LOCAL

Table 4 is entitled "Decentralizing to Lower Agencies or to Provinces." The conservative alternative is to give 100% of the jurisdiction to state or local agencies, or all \$500 if \$500 is being allocated. The liberal alternative is to give 100% of the jurisdiction to the central government, or all \$500 if \$500 is being allocated. Neutral alternatives might include (1) jurisdiction goes to the central government, with many and strong regional offices, (2) the central government supplies the funding, but state and local agencies make the rules and enforce them, or (3) the central government makes the rules, and the state-local agencies do the enforcing.

The reason conservatives like state-local agencies is often because those agencies are more sensitive to what business firms want because those agencies are seeking to attract business firms to the state or the local communities. Liberals generally like central government (especially the president) because he is more concerned with getting the votes of workers and a vote from a worker is worth as much as a vote from management, although management might have more money. Likewise, U.S. Senators are sensitive to the needs of the bigger cities in their states because those cities wield the swing vote in determining which senatorial candidate will get elected.

Conservatives are generally reluctant to say they like state-local agencies because those agencies are more sensitive to business profits, landlords, creditors, manufacturers, retailers, and other business interests. Instead, conservatives talk about the need for government that is more responsive to the people, and that state-local agencies are more responsive because they are closer. Liberals are not so reluctant to say they like central government



because it is more sensitive to higher wages, better workplaces, and various consumer interests. In addition, they will emphasize the undesirability of having some states permit low wages and bad workplaces, which will attract business to those places. Thus liberals tend to talk in terms of the need for national uniformity, although meaning uniformly high labor standards, not uniformly low.

If we accept the goals as those which are purported, then we are talking about responsiveness to state-local needs and uniformity of high standards. These are abstract concepts which could be applied to such matters as environmental protection, decreasing unemployment, adequate healthcare, and other substantive matters. In that context, if both sides really want the environment to be healthy in terms of clean air and water, then agency at all three levels of government with overlapping jurisdictions. Doing so may not be so efficient in terms of incremental improvement divided by dollars spent, as a measure of efficiency. Doing so, however, may be more effective in terms of obtaining clean air and water because three heads are better than one for developing ideas or rules and for enforcing them.

Thus, the win-win solution (for greater responsiveness and greater uniformity of high standards and achievement) may be to provide more than \$500 for each of the two levels, or at least more than \$250 apiece. Giving only \$250 apiece would be a split-the-difference compromise. This takes at face value that both sides truly want the substantive goals to be achieved in the central government, the state governments, and in the local governments regarding crime, unemployment, environment on whatever the substantive goals are. Thus win-win decentralization tends to mean more authority to all units which have an interest in seeing the goals achieved.



V. INTERNATIONAL POLICY: DOLLAR EXCHANGE RATES

A high dollar value means that \$1 will buy many units of the currencies of other countries. A low dollar value means that \$1 will buy relatively few units of the currencies of other countries.

If the dollar has a relatively high value, then we have difficulty selling to other countries because they have to give a lot of units of their currencies in order to get a dollar. If the dollar has relatively low value, then we have difficulty buying from other countries because Americans have to give a lot of dollars in order to get the currencies of other countries.

If we concentrate on improving the quality and prices of American goods, then we can sell a lot of American goods to other countries without lowering the value of the dollar. A big effect of selling a lot more to other countries is the increase in the American national income. That enables us to have a lot more money to buy from other countries without raising the value of the dollar.

Thus improving the quality and price of American goods through upgrading technologies and skills is a good SOS solution because it can achieve both goals of increased buying and increased selling simultaneously. This is in contrast to manipulating the dollar which increases one goal but decreases the other goal in a typical tradeoff pattern. See Table 5.

VI. LEGAL-CONSTITUTIONAL POLICY: PRESIDENTS AND PARLIAMENTS

A. THE ALTERNATIVES

The conservative position is generally to support presidential government because it gives greater stability, which conservatives like. The



liberal position is to support parliamentary government largely because it is more responsive and liberals have traditionally been more interested in responsiveness at least with regard to economic issues (although not necessarily with regard to civil liberties issues).

TABLE 5 VALUE OF THE DOLLAR (OR ANY NATION'S MONEY)

GOALS	C	L
ALTERNATIVES	Buy from other countries.	Sell to other countries.
C	+	-
High dollar value.		
L	-	+
Low dollar value.		
N	0	0
Middle dollar value.		
SOS OR WIN-WIN		
Improve quality and price of U.S. goods.	++	++



TABLE 6 PARLIAMENTARY GOVERNMENT

GOALS	C	L
ALTERNATIVES	Continuity.	Responsiveness.
C		
1. Presidential government.	+	-
L		
1. Parliamentary government.	-	+
N		
1. Compromise.	0	0
SOS OR WIN-WIN		
1. Right to continuous economic growth.	++	++
2. Right to upgraded work.		

The neutral position is to try to find a middle position, which is not so easy. One can make it easier to remove the president through impeachment, but that has never been done. One can try to give parliamentary government more stability by saying that it takes a 2/3 vote to bring down the prime minister rather than a mere majority vote, but that has never been done. One can have a presidential government with short terms and no provision for re-election to get more responsiveness. One can likewise have long terms for members of parliament in order to get more stability.

B. THE GOALS

The conservative goal should be referred to as continuity, not as stability. Stability sounds like stagnation. Continuity implies growth, but smooth growth rather than jerky growth. Continuity can imply change, but change in



accordance with some kind of predictability based on previously developed trends.

The key liberal goal is responsiveness, which is broad enough to include more than just electoral responsiveness. This could be an example of raising one's goals so as to broaden the notion of responsiveness like broadening the notion of unemployment, and also broadening the notion of continuity.

C. A SUPER-OPTIMUM SOLUTION

The SOS is to say that the structure is not especially important as to whether one has a chief executive who is chosen directly by the people, or indirectly by the people through the parliament. What is needed is a constitutional or statutory commitment on the part of the chief executive and the government in general to a form of both responsiveness and stability.

A RESPONSIVENESS that goes beyond merely reading the public opinion polls in order to get re-elected. Responsiveness in the traditional political context has meant that it is easy to throw the government out of power. That is more a process designed to bring about responsiveness than responsiveness in itself. Responsiveness should mean such things as that the government is sensitive to people who are displaced as a result of new technologies or reduced tariffs, i.e., the government is responsive to their need for new jobs. A government is much more responsive if it sees to it that displaced workers find new jobs even though the president is a president for life and cannot be thrown out of office than would be a government in which the prime minister can be replaced by 10% of the parliament saying they want to get rid of him. Responsiveness should mean that when people are hurting, the government does something about it other than changing prime ministers.

On the matter of STABILITY, people generally do not want stability. They want continuity. They want continuous growth. Growth is change, not



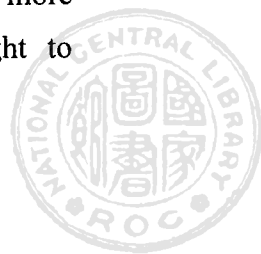
stability. We want statutes and constitutional provisions that will require the government, regardless whether it consists of Republicans or Democrats, to engage in policies that guarantee about 6% growth per year. We do have a 1946 Employment Act and a 1970 Humphrey-Hawkins Act that say unemployment should not get above 3%, or that inflation should not get above 3%. Such laws mean nothing because they provide no provision for enforcement. Worse, they provide no provision to achieve those goals. They are the same kind of fiat like King Canute asking the waves to stop, which can be done by the Army Corps of Engineers building appropriate dams, but not simply by issuing a "there shalt not be" statement.

D. A PAIR OF CONSTITUTIONAL PROVISIONS

The SOS or win-win solution thus would be a set of statutes or a pair of statutes, or better yet, a pair of constitutional provisions.

That would require 6% a year CONTINUOUS GROWTH. That is a minimum. There is nothing wrong with doing better than that, even if it is uneven like one year 10%, another year 6%, another year 12%. That sounds very unstable, but neither conservatives nor liberals would object to that kind of instability. Nobody is likely to object to having their income be highly unstable with one year \$1 million, the next year \$20 million. When people talk about instability they mean jumping from positive to negative, or positive to zero, but not from very high positive to positive and back.

The second statute or constitutional right is an obligation to displaced workers to be RETAINED AND/OR RELOCATED. This is like two new constitutional rights. Traditional constitutional rights have related to free speech, equal protection, and due process. Modern constitutional rights have related to social security, minimum wage, safe workplace, and more recently clean air. What we are proposing is a constitutional right to



economic growth and to be relocated if one is a displaced worker. The word relocated sounds too much like moving a person from one city to another. We are also talking about upgrading skills so one can get a better job without moving to another city. Instead of talking about the right to relocation, we should talk about the right to upgraded work.

A problem with the concept of the right to upgraded work is there is nothing in that concept that confines it to displaced workers, although that is not necessarily bad. Perhaps all workers should have a right to upgraded work. But especially those who have no work at all as a result of technological change or tariff reductions. If there were really a meaningful right to economic growth and upgraded work, that kind of SOS would score high on continuity. To emphasize that, we need to talk about continuous economic growth. The upgraded work part especially relates to the responsiveness.

E. MAKING THOSE RIGHTS MEANINGFUL

A key point is that those rights are not meaningful by merely being stated in statutes or constitutions. They are also not that meaningful by saying that someone who feels he has been denied one of those rights can sue Congress or the president.

They are made meaningful by establishing institutions like the Ministry of International Trade and Industry that has a mandate, a budget, personnel, and sub-units that are meaningfully relevant to promoting continuous economic growth. One could establish a separate government agency to enforce the right to upgraded work. The rights become meaningful when you have institutions in place to enforce them, not just words in place in a statute or a constitution.

The courts cannot enforce them. It requires specialized administrative agencies. The courts can enforce due process by reversing convictions that

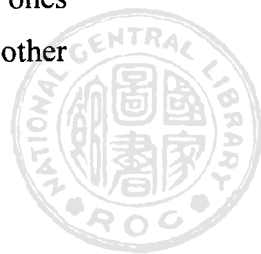


violate due process. The courts can enforce free speech and equal protection by issuing injunctions ordering the police to cease interfering with speakers or marchers, or ordering the schools to cease operating segregated classrooms. The courts have no power to award well-targeted subsidies or tax breaks which are needed for economic growth and upgraded work. That requires appropriate administrative agencies.

VII. SOME CONCLUSIONS

One point that was made by the participants in the seminars where materials like these were presented was that developing countries like China and the Philippines cannot afford the luxury of super-optimum solutions. Instead, they should perhaps be satisfied with something substantially less than the super-optimum (that point sometimes implied that super-optimizing was too complicated except for people trained in computer science, mathematics, statistical analysis, operations research, and other sophisticated methodologies).

After making the presentations though, the consensus generally was that those methodologies are largely irrelevant. They can sometimes be even harmful if they cause paralysis or an over-emphasis on unnecessary measurement and data. The prerequisites for super-optimizing analysis are basically to have (1) some knowledge of the key facts relevant to the problem, (2) an awareness of such political concepts as "conservative" and "liberal", (3) an understanding of such decisional concepts as "goals," "alternatives," "relations," "tentative conclusions," and "what-if analysis," and (4) some creativity in developing appropriate super-optimum solutions. That kind of creativity is made easier by having the first three of the four prerequisites above. It is also made easier by having access to case studies like the ones previously discussed so that one can learn from the experiences of other



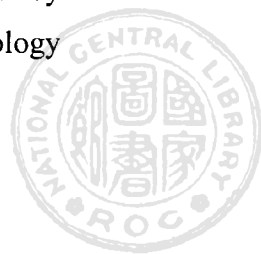
groups or individuals in trying to develop related super-optimum solutions.

The point about not being able to afford the luxury of super-optimum solutions may, however, in fact be the opposite of empirical and normative reality. The United States and other developed countries have less need for super-optimum solutions than developing countries do. The United States can probably go for a whole generation without developing any innovative ideas or coming close to solving any of its policy problems. If that happened, the U.S. would still have a high quality of life because it has such a well-developed cushion to fall back on. Developing countries, on the other hand, cannot afford to be satisfied with merely getting by. Doing so will put them further behind relative to other countries that are advancing rapidly, including countries that were formerly developing countries like Japan, Korea, Hong Kong, and Singapore.

In that context, super-optimum solutions are like free speech. Sometimes people in developing countries say they cannot afford free speech because it is too divisive. After they become more developed, then they can allow opposition parties and not have one-party systems with presidents for life. The reality is that they especially need to have free speech in order to stimulate creative ideas for solving their policy problems. Those problems are much more in need of solutions than the policy problems of well-developed countries.

APPENDIX 1: THE WIN-WIN DEVELOPMENTAL CYCLE

The cycle consists of five major parts. Each one is shown by an interacting rectangle with a title preceded by a roman numeral. The foundation part consists of productivity causes. They include training, technology, competition, and free trade. All four can be stimulated by appropriate public policy such as (1) training vouchers, (2) technology



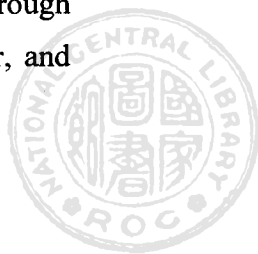
vouchers, (3) prohibitions on restricting competition especially in electricity, communications, banking, and (4) bilateral and multilateral reduction of tariffs and trade restrictions.

Those productivity causes lead to such socioeconomic effects as higher productivity in terms of quantity, quality, and price which in turn leads to (1) higher national income, (2) higher per capita income, and (3) more tax revenue which can be used to cover the public policy costs. That is one example of the feedback, cyclical, or leveraging effect of this prescriptive and causal model.

Those socioeconomic effects in turn lead to such desirable domestic economic indicators as (1) low inflation via more goods, (2) high employment via more spending, and (3) a low deficit via more taxes and less welfare spending. The low inflation combined with high employment are win-win results which are normally thought to be in conflict. Likewise it is a win-win outcome to have a lowered deficit combined with increased public policy spending including productivity tax breaks. Normally one thinks that the deficit can only be lowered by decreased public policy spending.

Both the socioeconomic effects and the domestic economic indicators have reciprocal relations with the fourth component of international economic indicators. For example, higher productivity leads to more international selling power and higher national income leads to more international buying power. Increased selling and buying power can lead to having more influence by the United States, the European Union, and others to promote world peace, prosperity, and democracy.

The fifth component of poverty reduction and prevention is especially important to developing nations but also to industrial nations. The main subcomponents consist of (1) having jobs available, which occurs through increased domestic spending and increased international buying-power, and



(2) increased K-12 education and adult training, made possible by higher national income. Other job facilitators include (1) merit treatment, regardless of race, religion, ancestral nationality, gender, age, and disability, (2) voting facilitators, such as same-day registration and voting in any precinct to increase the policy-making influence of the poor, and (3) reduction in crime that depresses low-income communities, especially drug-related crimes which could be reduced by phase-out drug maintenance under universal or other health care.

There are 12 numbered relations or arrows in the diagram. These are all important relations for bringing about higher economic development and a better quality of life for all. There are eight bold faced arrows which emphasize the reciprocal or interactive nature of this upward spiral. A key subcomponent is public policy, which can be a basic stimulant of productivity, anti-poverty, and all the variable in between.

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TABLE 7 WIN-WIN DEVELOPMENTAL PRODUCTIVITY CYCLE

