

The concept of Public Policy and Roles of Government

Mai Thi Vu

Faculty of Human Resources Economics and Management, National Economics University, Hanoi, Vietnam

ARTICLE DETAILS

Article History

Published Online: 15 July 2020

Keywords

Public Policy, Government, Public Goods.

*Corresponding Author

Email: [maivt\[at\]neu.edu.vn](mailto:maivt[at]neu.edu.vn)

ABSTRACT

The concept of public policy has expanded many years ago, its' success in solving problems which private sectors can not do is undeniable. In this study, the author will re-define the notion of public policy and give real-life experience of state which is successfully delivered public goods to its' citizen. Also, we point out the roles of government and its' failures about enacting public policy.

1. Concept of Public Policy

Broadly, it can be said that a public policy is simply what government (or any public official) does or does not do about any issues that comes before them for consideration and possible action (Birkland 2020). As the objective of Economics, or specifically, Development Economics, is to tackle the issues related to the living standard of the societies as a whole, it can be said that the understanding of economics theories could contribute to better the function of the public policies. In return, public policy is a form of solution answering for the economics questions in the first place.

National targeted program for poverty reduction is one of the important social security policy issues in the socio-economic development strategy of Vietnamese government and has received much attention of the society. The program has been implemented to help keep a balance between economic growth and equity and social progress, contribute to maintain social stability, sustainable development and fulfill Vietnam's international commitments. Vietnam's achievements in poverty reduction have been recognized by the world public and people. Since the year 1998 to present, poverty reduction has been considered as the national targeted program and always included in the every 5-year-plan. A number of resolutions, directives, strategies and decisions on poverty reduction including national target program on poverty reduction, socio-economic development programs, and special program such as No.134, No.135, No. 167, Resolution No.30A and Decision No.80 have been promulgated. These programs have created significant positive outcomes such as economic growth, social equity performance, social security not only for the poor, but also for people in extremely remote and difficulty areas. Poverty rate of Vietnam by national poverty line has rapidly declined from 22% in 2005 to 9.45% in 2010 and 6% in 2014 (MOLISA, 2015). The poor and has better accessed to economic resources including finance, land, technology, infrastructure and markets. Their accessibility to basic social services such as education, health, clean water and legal aid has been remarkably improved. The aforementioned achievements are attributed to the country's comprehensive strategies on economic growth and poverty reduction, in line

with global trends.

2. Public Goods and Real-life Example

On 1st July 2020, Australia has expanded Universal Service Obligation with new Statutory Infrastructure Provider required internet service must reach the download speed of at least 25 megabits per second and an upload speed of 5Mbps during peak hours (Lysaght 2010). Although Telecommunications market is oligopolistic with major players like Telstra, Vodafone, or Optus, infrastructures are still invested and controlled by the government through government own company: NBN Co Ltd.

Ryan (2020) stated that the public good is the **broadband network architecture using optical fiber**, provided through National Broadband Network Project by NBN Co Ltd, estimated at \$51 billion and expected to be completed by June 2020.

According to Homes and Campell (2020) it's objective is to maintain digital equality and maximize social and economic inclusion for enterprises, household and individuals. In other words, Australia's digital resources is believed to be available to everyone regardless of location, affordability, age, ethnicity or language, or any other criteria.

Lane (2020) showed that it hasn't been finished yet and its impacts are still arguably. In the future, Australian real GDP is expected to increase by 2% and that number of household consumption is 1.4% (Campbell 2015). Although by Feb 2020, up to 6.4 millions residential and business premises were activated. However, for the moment, more than 100,000 households and businesses in 135 suburbs are reported to remain unconnected. Also, Lane (2020) Australia internet broadband speed rank only 68 out of 177 countries and among the fourth slowest in OECD. So I would say the project hasn't completed its objective yet.

One of the reason that the project hasn't been completed yet is that NBN propose a plan to upgrade the outdated network technologies. Old cooper telephone wires need to be replaced by the super-fast fibre optic cable to get the best

internet in terms of quality, speeds, and reliability. This network upgrade project required further \$4.5 million, said by NBN Co.

3. Roles of Government and its failures

For the purpose of discussing the roles of the government one needs to distinguish between two different questions: first, which goods should be categorized as and paid for by the government as public goods and secondly, which goods should be produced by the government?

The first question relates primarily to 'political' policies as well as the financial capacity of each government at a certain time. A government may decide to treat primary education as 'public goods' and, on that basis, pays for it so that primary education is free for all people. Meanwhile, another government may well decide that the education system including primary, secondary and high schools will be subsidized by the government as "public goods". Answering this question and implementing it is an important function of each government in order to moderate and address the market

failures as well as to reflect the government's social policies from time to time.

The second question relates primarily to economic principles. To put it simply, the question is who has the capacity to produce specific goods meeting certain requirements on quantity, quality, timeframe, etc. at the lowest cost? If the private sector could produce any specific goods more economically, then the government should focus its limited resources on producing other goods and, at the same time, regulating and managing the provision of goods by the private sector. Exceptions to this principle may include certain 'genuine' public goods such as national defense, public security, taxation etc. the provision of which is a fundamental function of the government or otherwise it would be too risky to rely on the private sector. Following this approach, all other goods including health care, education, library, transportation, energy, infrastructure, etc. could be provided by the private sector, and paid for either wholly or partially by the government, on a competitive basis.

Reference

- [1]. Birkland, T., 2020. *An Introduction To The Policy Process*. 5th ed. New York: Routledge, p.15.
- [2]. MOLISA. (2015). Statistical Report of Poverty Rate in the Period of 2005 – 2014 <http://giamngheo.molisa.gov.vn/vn/NewsDetail.aspx?ID=857&CatelD=56>. Access Date: 1stSeptember..
- [3]. Vietnam Government. (2008). Resolution No. 30a/2008/NQ-CP of December 27, 2008, on The Support Program for Fast and Sustainable Poverty Reduction in 61 Poor Districts. <http://thuvienphapluat.vn/van-ban/Van-hoa-Xa-hoi/Resolution-No-30a-2008-NQ-CP-of-December-27-2008-on-the-support-program-for-fast-and-sustainable-poverty-reduction-in-61-poor-districts/86655/loi-dung.aspx>. Access Date: 3rdSeptember 2015.
- [4]. Vietnam Government. (1998). "Decision No.135/1998/QD-TTg of July 31,1998 To Approve the Program on Socio-economic Development in Mountainous, Deep-lying and Remote Communes with Special Difficulties. <http://web.cema.gov.vn/modules.php?name=Content&op=details&mid=4321>. Access Date: 3rdSeptember 2015.
- [5]. Lysaght, G., 2020. *Federal Legislation Now Guarantees Fast Internet For All Australians*. [online] Abc.net.au. Available at: <<https://www.abc.net.au/news/2020-07-02/high-speed-internet-universal-service-obligation-legislation/12415512>> [Accessed 17 July 2020]
- [6]. Holmes, J. and Campbell, L., 2020. The NBN Futures Project. *Journal of Telecommunications and the Digital Economy*, 7(4), pp.33-44.
- [7]. Lane, I., 2020. *NBN Rollout: Australia's Internet Project Still Not Finished*. [online] The New Daily. Available at: <<https://thenewdaily.com.au/life/tech/2020/06/29/nbn-rollout-deadline-june/>> [Accessed 17 July 2020].
- [8]. Campbell, L., 2015. *Economic Benefit Of The National Broadband Network*. 1st ed. Melbourne: Centre for Energy-Efficient Telecommunications Level 5, Electrical and Electronic Engineering Building 193 The University of Melbourne VIC 3010 Australia, p.10.
- [9]. Lane, I., 2020. *'Embarrassingly Slow': Australia Has Fourth Slowest Broadband In The OECD*. [online] The New Daily. Available at: <<https://thenewdaily.com.au/life/tech/2020/01/28/broadband-speeds-australia-oecd/>> [Accessed 17 July 2020].
- [10]. Lane, I., 2020. *'A Waste Of Money': NBN Co Rolls Out More Copper Over 'Future Proof' Fibre*. [online] The New Daily. Available at: <<https://thenewdaily.com.au/life/tech/2020/06/01/nbn-rollout-copper-fibre/>> [Accessed 17 July 2020].