

L4 – Policy instruments and policy aims

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Marek Pavlik

Reminder

- **Whether you like it or not public policy is a part of your life.**
- There is no single unifying or all explaining theory in Public Policy
- There is a value dispute
 - Freedom versus equal opportunities
- There is no clear optimal point
- There are a lot of analytical methods

- Policy is affected by actors (via politics)

Policy advocacy versus policy analysis

- I have a question....
 - I want to know which answer is correct
 - I know which answer is correct, but I need some evidence
- Doing analysis... get new findings, arguments, fact
- Doing advocacy... using findings, arguments, fact and analytical method to defend the policy
- Policy advocacy is..
- Policy analysis is.....

Policy instruments

- G.Peters: Policy instruments are not a simple, mechanical means of intervention, but have political impacts of their own.
- The selection of instruments is a function of a number of factors, which emphasize the political dimensions of instrument selection.
- There are a lot of sorting approaches (see next slides)

A spectrum of substantive policy instruments

source: Howlett, Ramesh (2003: 195), přeloženo

Family and community	Voluntary organizations	Private market	Information, exhortation	Subsidy	Taxes and user charges	Regulation	Public enterprise	Direct provision
Voluntary			mix			compulsory		
Low						high		
<i>Level of state activity involved in goods and service production and delivery</i>								

A spectrum of procedural policy instruments

source: Howlett, Ramesh (2003: 196)

Network self-creation	Information management and distribution	Research and interest group funding	Standing/ access and advisory committee creation	Institutional reform and government reorganization
Management		Mixed		Restructuring
Low				High
<i>Level of state manipulation of subsystem membership and structure</i>				

Types of policy instruments (Peters)

Economic	Legal	Persuasive	Other
Grants	Regulation	Information	Monitoring
Subsidies	Contracts	„Nudges“	
Taxes			
Tax expenditures			

Each instrument may use more or less regulatory mechanisms

Choosing an instrument

- In theory according to
 - „the best“ according efficiency, ethic, normative criteria
- In reality according to
 - knowledge (using only known instruments)
 - comfort (person prefers less demanding instrument)
 - Direct personal profit (incl. Corruption)
 - Compromise (which can be necessary for policy support)
 - Other even possibly irrational reasons

Individual decision-maker – how do they choose an instrument (Linder, Peters 1989)

- Instrumentalist (majority)
 - They select the same instrument regardless of the circumstances
 - Professional background (i.e. economists – economic instruments, lawyers – law instrument)
- Managerialists (20%)
 - They believe that they would be able to make any instrument work effectively
 - The management of instrument is more important than the nature of the instrument itself
 - Public administrative training
- Contingentists (10%)
 - Selection depends on character of the problem and situation
 - Experience and academic training
- Constitutivists (5%)
 - Selection of instrument shouldn't be separated from the policy aim (policy setting). I.e. the instrument cannot be evaluated without policy.

Criteria of instrument selection

- Economic
 - Administrative
 - Ethic
 - Political
 - Others
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- Mix of them makes a set of limits
 - Economic criteria make barriers
 - We cannot do something which we are not able to finance .. or?
 - There is a tendency to ignore economic barrier (Linder,Peters)

- To have a ‘good’ aim and enough financial resources is not a guaranty of success
- Wrong aim (wrong assumption about causality)
- Selection of incorrect instrument
- Implementation failure

Class work

Teacher's aim: Each student will read at least two books about public policy (not simplified textbooks) before the end of the semester

- 1) Suggest possible instruments (from teacher point of view)
- 2) Sort them according the level of regulation
- 3) Discuss costs of each instrument (economic, time, others)
- 4) Identify pros and cons of each instrument
- 5) Consider preferences of target group
- 6) Suggest „the best“ instrument and identify the one which would most likely be selected

Homework

A small city has the aim of: **Increase the share of young people participating in sport** (as a leisure time as well as via sport clubs)

- 1) Suggest a list of possible instruments
- 2) Sort them according the level of regulation
- 3) Discuss the costs of each instrument (costs include time)
- 4) Identify pros and cons of each instrument
- 5) Consider preferences of target group
- 6) Suggest „the best“ instrument and identify the one which would most likely be selected

Solution send to pavlik@econ.muni.cz before 30.10. You can work in team of 2 persons. Reward 5 points to total score.

Agenda setting, policy formulation and policy aims

- Agenda setting – the process affected by many actors
 - example: which actors can affect the reform of education system?
- The next stage – policy formulation and setting of policy aims.
 - Again – process affected by many actors but decision about the final form is done by decision-makers
- Example:
 - problem – high number of unemployed young people
 - Agenda setting – debate if there is a need to intervene, debate about reason of this situation and possible solutions... influence of normative issues, personal preferences, etc..
 - Policy formulation – preparation a policy solving the issue, setting aims... and choosing instruments

Policy aims

- The easiest approach – SMART
- SMART specific, measurable, achievable, (sometimes agreed), realistic (or relevant) and time-bound, (or timely)
- Aims can be evaluated from formal as well as normative point of view

- Setting aims is a method for strategic management
- There is a strong analogy and transfer of method from business companies to public authorities (public sector)

- Policy aims are negotiated and set by policy makers (those who have power to make a decision)
- Policy makers (as any other actor) may follow their own preferences or voters' preferences...
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From general to details

- Mission
 - The announced intention of the Cabinet
- Vision
 - The announced intention of the Ministry
- Policy formulation and setting aims
 - Strategic plan of specific Ministry
- Policy Goals
 - Detailed goals for policy aims

- ...the same can be valid e.g. EU plan

Literature

- Howlett, Ramesh – Studying public policy, chapter 4 and 6
 - Library Faculty of Economic and Administration
- Policy instruments
 - Access via IS/study materials or online repub.eur.nl/pub/33101/metis_154870.pdf

Appendix Example - solution

Teacher's aim: Each student will read at least two books about public policy (not simplified textbooks) before the end of the semester

- Encourage reading
 - + low costs
 - - only few will do that
- Make a list of literature and ask for a short resume from each text.
 - + higher share of students start to read (rest will cheat and modify resume of your colleagues)
 - - higher workload for teacher (reading resume, control of work)
 - - during time the rules will be more complicated (to prevent cheating)
- Make a final test so hard, that without study of all resources it is impossible to succeed
 - + almost all will study
 - - but majority of them without real interest – they soon forget what they read
 - - high demand on teacher – many test questions, complicated rules...
 - ? Increasing number of fails though the exam
- **Long-term point of view**... how student will react during first year and how long term rule will affect their behavior? E.g. The course will be known as difficult so anyone will anticipate high demands.