Policy formulation, decision making

Lecture 7 in the course on “Public Policy”

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What the lecture is about

- Decision making: rationalistic vs incrementalist models
- Possibilities of policy change
- Structure of decision making
  - Decision making in policy subsystems
  - Decision makers
- The theory of veto players
- The theory of multiple streams
  - Who is affected by decisions?
- Strategic decision making
Decision making: rationalistic vs incrementalist models

Two different models of public policy (Lindblom 1977):

- **Society governed by reason**
  - Dates back to Enlightenment's **glorification of reason** and the Marxist vision of grasping and using the motive forces of social development.
  - Main regulator: **enlightened government**.

- **Limited knowledge causes incremental decision making**
  - Based on two concepts: **bounded rationality** and policy process **incrementalism**.
  - Main regulator: **the market** or **democratic institutions of interest representation**.

+ the third way of so-called **mixed scanning**
Bounded rationality and incrementalism

- **Bounded rationality:**
  - Rationality of decision making is **limited** by available information, choice of ways of thinking, and time (H. Simon).

- **Disjointed incrementalism:**
  - Aware of the **inaccessibility** of perfect knowledge about the problem, actors advance their objectives through piecemeal measures, not major changes.

  → Extreme **pluralism** and **decentralization** of decision making.
Possibilities of policy change

Example applications of enlightened reason:

- Abolition of slavery or serfdom, universal suffrage, 8-hour workday, European Community (est. 1957).
- Communism in cultural symbiosis with Tsarist autocracy: political prosecutions, five-year plans of economic development.

Late 20th century saw increased influence of the bounded rationality and incrementalism models & the focus on market as the main regulator of human action. In early 21st century, the global financial crisis stimulated thinking about rationality of managing public affairs through government (Fukuyama 2002, 2004).
### Possibilities of policy change

<table>
<thead>
<tr>
<th>Knowledge of problem and alternative solutions</th>
<th>Decision making model</th>
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<tbody>
<tr>
<td><strong>HIGH</strong></td>
<td>Incremental</td>
</tr>
<tr>
<td>Rational decision making is possible with regard to clear policy problems</td>
<td>Fundamentally possible. Low risk of failure.</td>
</tr>
<tr>
<td><strong>INSUFFICIENT</strong></td>
<td>Nonincremental</td>
</tr>
<tr>
<td>Most real-world problems</td>
<td>Fundamental change possible. High risk of failure.</td>
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Source: Hayes (2001), adapted.
Structure of decision making

- Policy formulation and decision making depend on problem definition (the ways we define one or more social problems)
  - followed by formulation of policy options for solving the problem(s).

“Policy formulation typically results from a combination of creative thinking, available evidence, available policy instruments and the experiences we and other people have.” (Drhová, Veselý 2007, p. 256)

- Other determinants include the social and situational context, available knowledge about the subject matter, rules governing actors’ responsibilities and behaviours, composition of actors, value conflicts between them, their negotiation styles, and their choice of instruments and implementation methods.

- Attention must be paid to the political and practical feasibility of policy options. (Majone 1975, 1989; Dror 1969).
Critical Thinking Question

- Explain why even the best-prepared public policy may fail in the end.
Decision making in policy subsystems

- Decision making tends to be **limited to actors** who:
  - have a reason to engage in solving the policy problem,
  - and have access to a solution.

- Actors who participate in decision making tend to operate in a given **policy subsystem**.

- The subsystem’s structure is fundamental:
  - Steady **status quo** maintenance suggests that the policy process has been driven by the same actors for a very long time.
  - Scholars have studied policy subsystems’ level of **openness** to new actors and new solutions (Howlett, Ramesh 2003, p. 158).
Decision making in policy subsystems

- Actors’ ability to make a credible mutual "commitment" to certain acceptable forms of behaviour in future is a highly important factor.
  - Of high (or even fundamental) importance is the level of trust between decision makers.

- Typical contents of a policy proposal:
  - description of the goal(s) to be attained;
  - definition of the target population;
  - allocation of responsibility for implementation: who, what, when, how, with what resources and limitations;
  - structure of implementation (choice of instruments & ways of ensuring that the policy becomes reality);
  - justification of necessity; + impact assessment.
Most public policy decisions in democratic countries are taken by **3 types of actors**:

- **politicians** (representing people’s interests);
- **officials**;
- **experts**.

+ public & social services professionals, local civic elites, interest group representatives, lobbyists, or other actors.

Actors according to policy effects:

a) **end recipients**

b) **target groups**

c) **third parties**
Critical thinking question

*What are the different democratic institutions of interest representation?*
The theory of veto players

- An application of game theory to political behaviour.

"Veto players are individual or collective actors whose agreement is necessary for a change of the status quo. From the definition follows that a change in the status quo requires a unanimous decision of all veto players"  
(Tsebelis 2002, p. 36)

- The more veto players in the game & the smaller their ideological differences, the higher the political stability the less likely any decision is taken.
Exercise

- Outline the theory of veto players by applying it to at least two examples.
The theory of multiple streams

1) **Problem stream**
   - *What is going on?*

2) **Policy stream**
   - *What can we do about it?*

3) **Political (politics) stream**
   - *What can we get support for?*

   + **policy entrepreneurs** trying to find **windows of opportunity** to make links between the streams and so make policy change possible.

(Colebatch 2005, p. 16; Novotný 2013)
The theory of multiple streams

Who is affected by decisions?

- Every public policy decision changes people’s living conditions.
- Yet public policy rarely manages to help all and harm no one.

<table>
<thead>
<tr>
<th>Typology of populations affected by public policy</th>
<th>GROUPS</th>
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<tr>
<td><strong>POLITICAL POWER</strong></td>
<td><strong>“DESERVING”</strong></td>
</tr>
<tr>
<td>HIGH</td>
<td>hard-working, creating values deemed positive by the society</td>
</tr>
<tr>
<td>LOW</td>
<td>good but weak or helpless</td>
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Source: Schneider (2013), adapted.
Strategic decision making depends on research of possible futures, systematic analysis and foresighting.

Example: How to decide strategically
In order to decide with due regard to the longer-run consequences of our decisions, we start by defining social and policy problems, and proceed to:
- analyse and foresight relevant internal and external factors;
- define long-term objectives;
- define the means to attain them;
- define the responsibilities of participating actors;
- formulate policy options and choose one based on defined criteria;
- plan the steps towards implementing the policy option (an implementation schedule).
Lecture 7 Question

Explain the relationship between imperfect knowledge and disjointed incremental decision making.
Literature in English


