



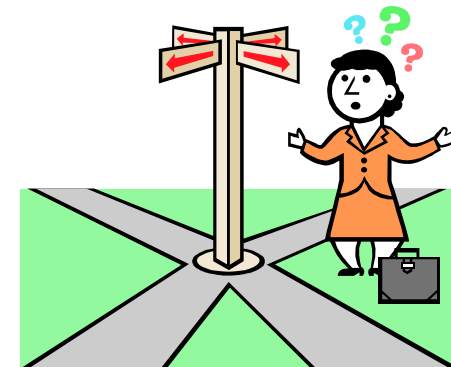
Policy formulation, decision making

Lecture 7 in the course on
“Public Policy”

Martin Potůček

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).



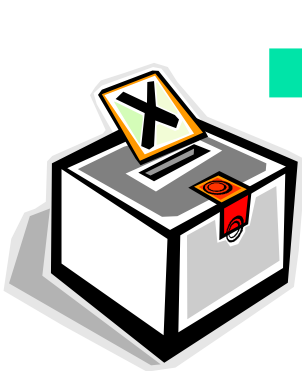
- **Disjointed incrementalism:**

- 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

Possibilities of policy change		Decision making model	
		INCREMENTAL	NONINCREMENTAL
Knowledge of problem and alternative solutions	HIGH	Rational decision making is possible with regard to clear policy problems	Fundamental change possible. Low risk of failure.
	INSUFFICIENT	Most real-world problems	Fundamental change possible. High risk of failure.

Source: Hayes (2001), adapted.



Structure of decision making

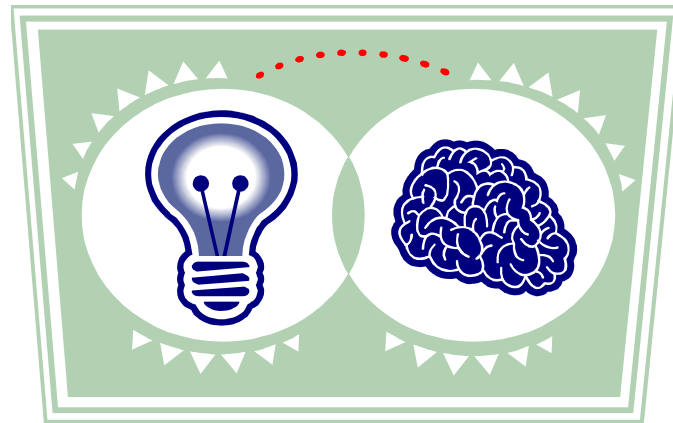
- Policy formulation and decision making **depend on problem definition** (the ways we define one or more social problems)
 - followed by formulation of **policy options** for solving the problem(s).

"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)

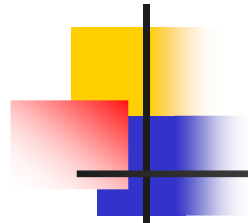
- Other determinants include the social and situational **context**, available **knowledge** about the subject matter, **rules** governing actors' responsibilities and behaviours, **composition of actors**, value conflicts between them, their negotiation styles, and their choice of instruments and implementation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

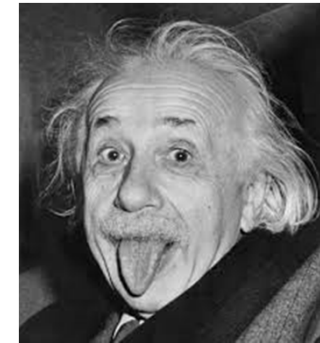




Decision makers



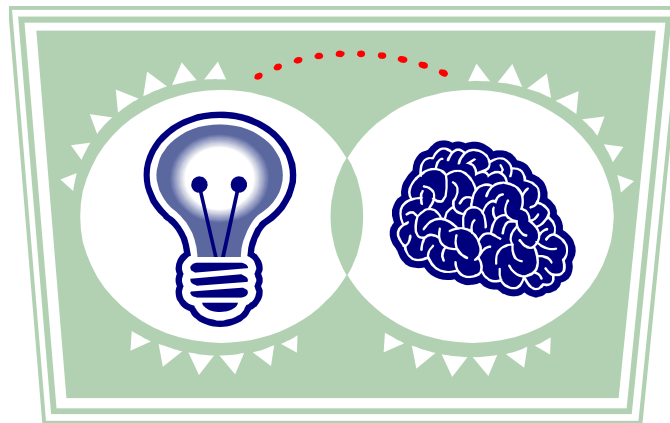
- Most public policy decisions in democratic countries are taken by **3 types of actors**:
 - **politicians** (representing people's interests);
 - **officials**;
 - **experts**.
- + public & social services professionals, local civic elites, interest group representatives, lobbyists, or other actors.
- 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, \longrightarrow the higher the political stability \longrightarrow 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**

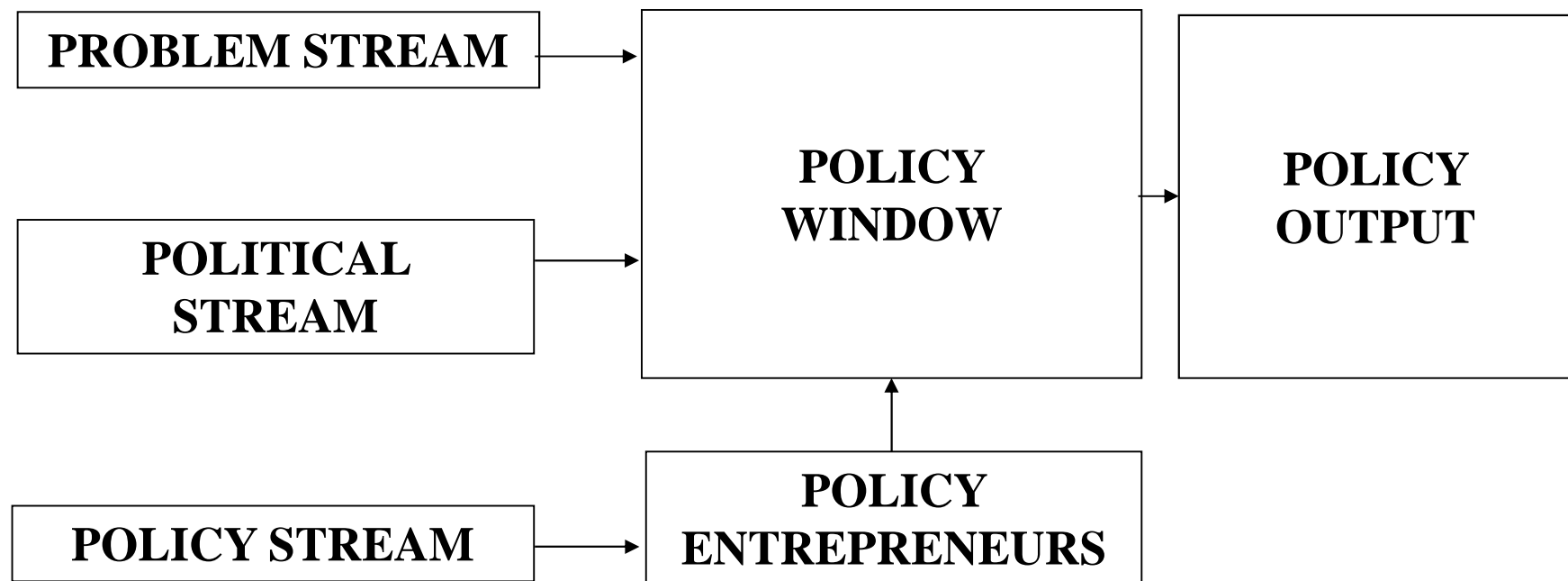
- *What can we do about it?*

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.

The theory of multiple streams



Source: Zahariadis (2007, p. 71), adapted by Novotný (2013) and the author.



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.

Typology of populations affected by public policy		GROUPS	
		"DESERVING"	"UNDESERVING"
POLITICAL POWER	HIGH	hard-working, creating values deemed positive by the society	dishonest, greedy
	LOW	good but weak or helpless	deviant, lazy, violent

Source: Schneider (2013), adapted.

Strategic decision making

- 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

Dror, E. 1969. „The Prediction of Political Feasibility.“ *Futures* 1 (June): 282-8.

Etzioni, A. 1967. „Mixed-Scanning: a „Third“ Approach to Decision-Making.“ *Public Administration Review* 27 (5): 385-392.

Hayes, M. T. 1992. *Incrementalism and Public Policy*. New York: Longman.

Hayes, M. T. 2001. *The limits of Policy Change: Incrementalism, World View, and the Rule of Law*. Washington: Georgetown University Press.

Howlett, M., M. Ramesh. 1995 (2003). *Studying Public Policy: Policy Cycles and Policy Subsystems*. Oxford: Oxford University Press.

Lindblom, C. E. 1977. *Politics and Markets*. New York: Basic Books.

Majone, G. 1975. On the Notion of Political Feasibility. *European Journal of Political Research* 3 (September): 259-74.

Majone, G. 1989. *Evidence, Argument, and Persuasion in the Policy Process*. New Haven, Conn.: Yale University Press.



Literature in English

Rawls, J. 1987. „The Idea of an Overlapping Consensus.“ *Oxford Journal of Legal Studies* 7 (1): 1–25.

Scharpf, F. W. 1988. „The Joint Decision Trap: Lessons from German Federalism and European Integration.“ *Public Administration* 66 (2): 239-78.

Schneider, A. 2013. „Policy Design and Transfer.“ Pp. 217-228 in J. E. Araral, S. Fritzen, M. Howlett, M. Ramesh, Xun Wu (Eds.) *Routledge Handbook of Public Policy*. New York: Routledge.

Tsebelis, G. 2002. *Veto Players: How Political Institutions Work*. Princeton: Princeton University Press.

Zahariadis, N. 2007. „The Multiple Streams Framework: Structure, Limitations, Prospects.“ Pp. 65-92 in P. Sabatier (ed.). *Theories of the Policy Process*. 2nd ed. Boulder: Westview Press.



Literatura česky

- Colebatch, H. K. 2005. *Úvod do policy*. Praha: Barrister & Principal.
- Drhová, Z., A. Veselý. 2007. „Identifikace variant řešení veřejně politických problémů.“ Pp. 253-272 in A. Veselý, M. Nekola. *Analýza a tvorba veřejných politik. Přístupy, metody a praxe*. Praha: Sociologické nakladatelství (SLON).
- Fukuyama, F. 2002. *Konec dějin a poslední člověk*. Praha: Rybka Publishers.
- Fukuyama, F. 2004. *Budování státu podle Fukuyamy*. Praha: Alfa Publishing.
- Malíková, L. 2003. *Verejná politika. Aktéri a procesy*. Bratislava: Univerzita Komenského.
- Novotný, V. 2013. *Teorie veřejně politického procesu (výčet a výklad)*. Praha. Nепublikovaný rukopis.
- Ochrana, F. (ed.) 2010. *Strategické řízení ve veřejné správě a přístupy k tvorbě politiky*. Praha: Matfyzpress.



Literatura česky

Potůček, M. a kol. 2007. *Strategické vládnutí a Česká republika*. Praha: Grada.

Potůček, M. (ed.). 2008. *Capacities of governance in the Czech Republic*. Praha: Matfyzpress.

Potůček, M, J. Musil, M. Mašková (eds.) 2008. *Strategické volby pro Českou republiku: teoretická východiska*. Praha: Sociologické nakladatelství (SLON).

Potůček, M. a kol. 2009. *Strategic governance and the Czech Republic*. Praha: Karolinum.

Potůček, M. a kol. 2010. *Poznávání budoucnosti jako výzva*. Praha: Karolinum.

Potůček, M. 2011. *Cesty z krize*. Praha: Sociologické nakladatelství.

Potůček, M. a kol. 2015. *Veřejná politika*. Praha: C.H. BECK.

Winkler, J. 2007. *Teorie rozhodování a dynamika sociální politiky*. Brno: Masarykova univerzita.