Public Policy Process

WEEK 2: GOALS OF PUBLIC POLICY
Announcements

- Next week: some library and research pointers
  - Please email me if you like with pointers
- Two blogs you might want to know about
  - www.disasterandsociety.blogspot.com
  - http://thepolicyprocess.blogspot.com/ (very much in its infancy)
- Initial memos – good, but reminders!
  - National problem
  - Where in an agency will you work
  - Link to the agency (better yet, the unit in the agency)
This Session’s Objectives

- Understand the rationale and underlying logic in Stone’s book.
- Understand how people define policy goals
- Understand how people behave in expounding goals
Early policy scholarship assumed that policy making should be rational in economic terms,

- “The new field of policy science, supposedly devoted to improving governance, was based on a profound disgust for the ambiguities and paradoxes of politics. By and large, the new science dismissed politics as an unfortunate obstacle to clear-headed, rational analysis and good policy (which were the same thing).” (pp. x-xi)
- If this were true, how should policy be made?

- Politics is full of ambiguity and paradoxes
- Paradoxes derive from what politics is
- There is a difference between economic and political logic, as we will see
- Politics matters in anything like a democracy
What paradoxes does Stone want to explain?

- Why policy making appears “irrational”
- Why political science so prizes “rationality” at the expense of better theories of how the policy process works.
The Market and the Polis

- How can we model the ways societies organize to act politically?
- We will go through this because I want you to understand the important features of her argument.
Assumptions of a Market

- At least two willing participants
- Perfect information
- Costs and benefits (negative and positive externalities) accounted for in pricing
- Transitive utility ordering
- Mutual gain from transactions
- Net gains to a society from the sum of these transactions
- Is this how politics really works?
Problems with the market model

- Sum of individual benefits ≠ societal benefits
- Politics and policy making is often not voluntary
  - Many claims to coercion
  - Coercion depends on point of view
- There is rarely good information available to all in politics (or in markets, actually)
  - Information is actually strategically manipulated (hidden).
- Markets don’t need communities—politics does
Political Community

- Community
- Cooperation
- Coercion
- Membership
- Loyalty
- Passion
Features of a Political Community

- **Public Interest**
  - Whether it exists or not, the public interest is important because people believe it is.

- **Commons Problems**
  - Actions with private benefits that entail social costs, or social benefits that require private sacrifices

- **Influence**
  - People are subject to influence, and are not just utility maximizing actors

- **Cooperation**
  - People have to cooperate in political systems of greater than 2 people; markets don’t require cooperation except at the point of exchange.
Features of a Political Society

- **Loyalty**
  - In the market, each transaction is assumed to be a unique, one-shot event
  - Involves friends, commitments, longer term relationships between people and groups.

- **Groups**
  - Work through loyalty and influence

- **Information**
  - In the market, assumed to be “perfect” and open
  - In the polis, assumed not to be in the open—groups try to find and discredit some information, while profiting from other information.

- **Passion**
  - Authority and interest grow with use
  - In the market, resources shrink

- **Power**
  - Derived from all other features
  - Exists to subordinate individual interests to group interests
# Concepts of Society

<table>
<thead>
<tr>
<th></th>
<th>Market Model</th>
<th>Polis Model</th>
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</thead>
<tbody>
<tr>
<td>1. Unit of Analysis</td>
<td>Individual</td>
<td>Community</td>
</tr>
<tr>
<td>2. Motivations</td>
<td>self-interest</td>
<td>Public interest (as well as self interest)</td>
</tr>
<tr>
<td>3. Chief Conflict</td>
<td>Self-interest vs.. self-interest</td>
<td>Self-interest vs.. public interest (commons problems)</td>
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<tr>
<td>4. Source of people's ideas and preferences</td>
<td>Self-generation within the individual</td>
<td>Influences from outside</td>
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<tr>
<td>5. Nature of collective activity</td>
<td>Competition</td>
<td>Cooperation and competition</td>
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### Concepts of Society

<table>
<thead>
<tr>
<th>Criteria for individual decision-making</th>
<th>Market Model</th>
<th>Polis Model</th>
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<tbody>
<tr>
<td>Maximizing self-interest; minimizing cost</td>
<td>Loyalty (to people, places, orgs., products); maximize self-interest, promote public interest.</td>
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<thead>
<tr>
<th>Building blocks of social action</th>
<th>Individuals</th>
<th>Groups and organizations</th>
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| Nature of information | Accurate, complete, fully available | Ambiguous, interpretive, incomplete, strategically manipulated |
## Concepts of Society

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<tr>
<td><strong>9. How things work</strong></td>
<td>Laws of matter (e.g., material resources are finite and diminish with use)</td>
<td>Laws of passion (e.g., human resources are renewable and expand with use).</td>
</tr>
<tr>
<td><strong>10. Sources of Change</strong></td>
<td>Material exchange</td>
<td>Ideas, persuasion, alliances</td>
</tr>
<tr>
<td></td>
<td>Quest to maximize own welfare</td>
<td>Pursuit of power, pursuit of own welfare, pursuit of public interest.</td>
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Reminder: What is Stone’s Point?

- The policy sciences were established to be practical
- A practical science was grounded in economics
- Economics assumes rationality
- Thus, the Rationality Project
- But people and societies do not behave the way that economists and “rationalists” would argue
- What are the problems with Stone’s argument?
Goals
Deborah Stone's four goals of public policy

- Equity or Equality
- Efficiency
- Security
- Liberty
Equality

- There are different kinds of equality
- These are based on
  - The recipients of a public good
  - The item that is being distributed
  - And the process by which the thing is distributed
- The examples are laid out in the book—the division of the cake
- The essential point: everyone believes in equity, but not everyone agrees to its definition
Efficiency

- What is efficiency?
  - “Getting the most output for a given input”
  - “Achieving an objective for the lowest cost”
- Efficiency is not an end goal; it is a means to an end
  - Yet, we often hear calls for “more efficiency”
- It’s also normative
  - “Efficient organizations are ones that get things done with a minimum of waste, duplication, and expenditure of resources”
- It is very difficult to measure efficiency in the public sector or in politics in general. Why?
  - Inputs
  - Outputs
Efficiency as a universal goal

- Like equity and cake slices: Who’s opposed to efficiency?
- Yet, we have to answer three questions to measure “efficiency”
  - Who gets the benefits or bears the costs?
  - How should we measure values and costs?
  - What mode of organization yields efficiency?
Efficiency and the Library Example

- The set-up: an efficient library is about books
- Challenges:
  - Is a library about books? Or about lectures, story telling, electronic resources like the internet, jobs for teens?
  - What constitutes a “good book?”
More challenges

- Libraries provide
  - Employment
  - Avenues for upward mobility

- Benefits beyond jobs
  - Reading
  - Ad hoc day care
  - Help with teachers and homework

- Opportunity costs

- Time efficiency: big staff = less waiting

- Ease of use (multiple books?)
The result....

- “Trying to define efficiency is like trying to pull oneself out of quicksand without a rope.”
- Objectives, definition, and criteria are politically defined, not economically defined.
- Efficiency is an ideal, but is not always the goal.
- Remember: our constitutional order is purposefully inefficient.
The Market as the Paragon of Efficiency

- There are many calls for privatizing government.
- We often hear calls to run government like a business.
- Knowing what you know about the market and polis, why are these ideas unrealistic?
- Does the market always yield societal beneficial outcomes?
Market failure

- Governments have to step in when markets fail; i.e., when these assumptions lead to allocative inefficiency or gross inequity

- Examples
  - Correction of monopoly
  - Correction of problems of information
  - Problems of impacts on people who are not making the exchange.
  - Failure to provide collective goods (national defense, police)
Thus, government is often involved in

- Alleviating the inefficiencies of the market
- Providing goods inefficiently because there is no market way to do so
- Imposing requirements for equity on the market, thereby introducing inefficiency.
Government cannot run like a business

- It is not a firm in a market
- It engages in those activities that are not profitable by definition
- It is difficult to measure inputs and outputs in government
- One person’s efficiency may be the next person’s gross inequity
  - Example: The current Wake schools controversy
- But, the operation of government can often be more efficient
  - But at what cost?
The equality-efficiency tradeoff

- Equality = inefficiency because it reduces incentives to succeed
  - Untrue—look at income distribution data (page 82)

- Equality = inefficiency because it interferes with individual behavior that yields innovation
  - Not necessarily—what benefit would have been derived from that extra tax dollar?

- Equality = inefficiency because of administration
  - But calling something “administrative” is not prima facie evidence of waste
Is There An Equality-Efficiency Trade-off?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
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<tbody>
<tr>
<td>Maintaining equality eliminates people’s motivation to work</td>
<td>People are motivated to work by inherent satisfactions, self-esteem, and sense of belonging.</td>
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<tr>
<td>Maintaining equality requires government interference with individual choice, and free choice is necessary for exchanges to produce efficiency.</td>
<td>Redistribution does not stifle experimentation and innovation; some security is a stimulus to work and risk-taking.</td>
</tr>
<tr>
<td>Maintaining equality requires a large bureaucracy and bureaucracy equals waste.</td>
<td>Administration is a productive activity in itself.</td>
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<tr>
<td>A trade-off between equity and efficiency is inevitable.</td>
<td>Society can have both equity and efficiency by managing political and policy choices.</td>
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Ideas on Security

- People broadly believe in helping those in need
- But the definition of help and in need is remarkably controversial
- One cannot simply count up things and arrive at a needs assessment
- Dimensions of need
  - Absolute
  - Relative
  - Direct versus instrumental needs (education, for example)
  - Protection from risks
## Complications of the “Biological” Definition of Need

<table>
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<tr>
<th>Dimension</th>
<th>Issue</th>
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<tr>
<td>1. Valuation of resources</td>
<td>In assessing needs, should we count only material use of resources or also symbolic meanings and satisfactions provided by resources?</td>
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<tr>
<td>2. Standard of comparison</td>
<td>Should we measure needs according to a fixed (absolute) standard or a relative one (how people’s resources compare to those of other members of the community)?</td>
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<tr>
<td>3. Purposes of resources</td>
<td>Should we provide only resources that meet immediate, direct needs for survival, or also resources that enable people to fulfill broader goals?</td>
</tr>
<tr>
<td>4. Time</td>
<td>Should society secure only people’s current needs or also provide protection against future needs and risks of harm?</td>
</tr>
<tr>
<td>5. Unit of analysis</td>
<td>Should society secure only the needs of people as separate individuals were also people’s relational needs (such as dignity, a sense of belonging, trust, and community)?</td>
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Ideas on liberty

- People are free to unless their actions cause some sort of harm to others
- This idea derives from J.S. Mill’s “On Liberty”
- This freedom is negative freedom, meaning that government should just let people do what they want and leave them alone
- But what does harm mean?
  - No one is free to physically harm another person
  - But what about other types of harms?
    - Accidents
    - Pollution
    - Mistakes
Nonphysical harms

- Material affects: impact on wealth or well-being
- Amenity affects: impact on quality of life, such as billboards, destruction of wildlife
- Emotional and psychological effects
- Spiritual and moral harms
- How could a market monetize these harms and build them into price systems?
- Is a market the best place to address harms?
Liberty and Obligations to the Polis

- Thus, there are harms that are not done to individuals, but are done to the community
  - Structural harms: damage to the ability of the community to function as a community
  - Accumulative harms: harms if everybody starts doing it, like cutting across lawns, sewage dumping, jaywalking
  - Harms to a group that result from harms to individuals: racial discrimination, for example
The problem of dependence

- If we provide economic security to the poor and the unemployed, do we grant them security at the cost of their liberty?
  - If we value liberty, we place security in the hands of the family or household, thereby eliminating government intrusion
  - If we value security, we make this a government function, thereby possibly limiting liberty
  - But what if security makes people freer?
The Liberty/Equality Tradeoff

- People have different talents, skills etc.--thus, government should equalize those resources that allow people to make the most of their talents.

- This is positive liberty
  - Positive liberty is not a key part of our political culture.
    - Negative liberty—freedom to
    - Positive liberty—freedom from (a lot like security)
All of these things we discussed are posited as goals in our society. Yet, all of these concepts are deeply contested in our society. Do these tradeoffs really exist? There is no optimal tradeoff. We have a political process through which we can address these apparent tradeoffs and challenging problems.