Commonwealth of Learning Executive MBA/MPA

SC1: Public Policy

Introduction

Course Developer: Michele Fromholtz
Lecturer in Public Policy and Management
School of Management
Charles Sturt University
New South Wales, Australia

Course Editor: Mary-Ev Anderson
Vancouver, Canada

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The Commonwealth of Learning
1285 West Broadway
Suite 600
Vancouver, BC V6H 3X8
CANADA
e-mail: info@col.org

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Introduction to Public Policy

Public policy is a specialised field, but one that draws on many disciplines of study. In the study of public policy, we are interested in the decisions that governments make for the nation or state they manage, but we go far beyond just considering those decisions. We are concerned with who makes them, how they are made, the quality of the decisions and how they are carried out in practice. In this course you will need to explore your understanding of public policy and how it is defined. You will need to understand that policy emerges from different contexts, and that different institutions, groups and individuals influence policy-making. Policy can be conceptualised as a cyclical process. This cyclical model will be used throughout this course, although criticisms and other models will also be presented. You will begin to consider some of the contemporary issues that affect policy and examine some case studies that demonstrate these features of policy-making.

Structure of the Course

This course will explore policy issues in seven blocks.

Block 1—Case Studies of Policy-Making will provide an initial overview of some of the policy issues and scenarios that will arise throughout the course. Case Comments will draw your attention to relevant examples in case studies. You will return to analyse these realistic, diverse, and comprehensive cases throughout later blocks, applying concepts as you learn them.

Block 2—Understanding Public Policy will examine the meanings of policy, policy theory, and the significance of policy in government and public activity. The purposes of public policy and the different types of policy will be examined. The block establishes the cyclical model as a basis for analysis (a basis that will be revisited in later blocks) and outlines the importance of public policy in a modern context.

Block 3—Public Policy-Making: Contextual Settings will examine various contexts for policy-making. It will outline the Westminster system and discuss the New Zealand model. Other models will be briefly considered as well. The main purpose of the block is to examine the political contexts in which policy can be made. This has implications for understanding how different policy actors might be involved. (These formal and informal roles will be discussed further in Blocks 4 and 5.) In this block you will be encouraged to consider the approach used in your own country and compare it with the models discussed.

Block 4—The Policy-Making Process will focus on the details of formal- or state-centred approaches to policy-making roles and processes. In this block we will look more closely at the detailed processes of policy-making, examining the key institutional players that have formal power in the policy-making sphere. Particularly , we will look into the parts played by the legislature, the executive, and the judiciary, as well as going beyond to consider wider inter-governmental influences involving other levels of government

within, and beyond, the nation/state. In the course of explaining these features, the role of each institution (and its human members) in the policy cycle will be presented.

Block 5—Policy-Making Networks and Influence will explore the other actors or players in policy-making—those beyond the formal i.e. informal or less formal power arrangements. They include interest groups, political parties, lobby groups, protest groups, the media, influential individuals, and other groups. International agencies and the impact they can have on policy will also be considered. The way in which such entities fit the policy cycle model will be explored.

Block 6—Optimal Policy-Making will focus on what are often called decision-making models. These models help to explain the actual process of making policy decisions. While this is policy-making in the same sense as in previous blocks, this block's emphasis will be on the way choices are made. The models will be compared and their strengths and weaknesses examined. In some cases, models that combine features of two or more other models will be examined. The realistic applications of these models will be considered as well as their value as ideal types for policy-making.

Block 7—Policy-Making: Contemporary Issues will discuss some of the contemporary issues that impact upon policy-making in our current times. Key amongst these are ethics, accountability, transparency, participation and consultation, and economic pressures.

Course Aims and Objectives

When you have finished the course you should be able to:

- **identify** policy-making issues in practical case analyses
- **list** and **explain** the scope, objectives and importance of public policy in modern times
- **discuss** the role of ministers and civil servants in the formulation of public policy especially in a Westminster-system of government
- **explain** the role and relevance of policy-making networks and influence
- **discuss and compare** the various policy-making models
- **explain** some contemporary issues in policy-making

Studying this Course

This course book contains notes and cases on public policy. Included are **Self-Assessment Activities** that will enable you to reflect upon the material that is covered and apply it to your own experiences or observations of policy-making in your world. At the end of each block there are further readings which may be used as the basis for wider study and research. Also at the end of each block there is a reference list for the citations throughout the text. A final references list at the end of the course book serves as the formal bibliography for the course as a whole.

We recommend that you read the course notes with a view to gaining as much understanding as you can. If you cannot understand something, re-reading and/or wider investigation of other available books and journals may help. You should undertake the

Self-Assessment Activities since they will encourage you to test your understanding and to deepen it by applying the questions to your own experience of public policy.

Since matters of public policy are constantly developing all around us, we recommend that you monitor activity relating to policy in your own community and in the media. Keep up with developments by reading newspapers and other news journals as well as by listening to radio news and watching television reports. You should be able to apply some of the course's terms, concepts and theories to these situations and improve your understanding by applying course material to personally relevant contexts.

The following chart gives a guideline of the amount of time required for each block in terms of these different components.

Block	Reading (hours)	Activities (hours)	Assignments (hours)	Total Time (hours)	Assignment Value
1. Case Studies in Policy-Making	6	2	1	9	
2. Understanding Public Policy	11	3	4	18	
3. Public Policy-Making: Contextual Settings	11	3	5	19	
4. The Policy-Making Process	11	3	4	18	Assignment 1: 35%
5. Policy-Making Networks and Influence	11	3	5	19	
6. Optimal Policy-Making	11	3	5	19	
7. Policy-Making: Contemporary Issues	10	3	5	18	Assignment 2: 35%
	71	20	29	**120**	Final Exam: 30%

It should be noted that the total course time for any one participant will be approximately one hundred and twenty hours; that is time to **read through the seven blocks and self-assessment questions, as well as prepare, write and redraft formal assessment items.** Individual students may take more or less time depending on their pre-existing knowledge and competencies.

The **Self-Assessment Activities** will take more than one form. They will be mostly review questions but some may ask you to complete tabulated charts or to develop your own diagrams or concept maps. These will allow you to record your learning in structured ways. They are designed to prompt you to revisit the material within the blocks so that you can check and test your understanding of it. Throughout this course, Self-Assessment Activities generally pertain to policy activities in your own country.

Assignments

Assignment 1

Due date:	
Value:	35%
Format:	Essay (3000-3500 words)
Blocks covered:	Blocks 2-4 (Block 1 may also be utilised)

> *The political and social contexts in which policy is made will determine who has power to influence the emergent policy.*

Discuss this statement in relation to the structure of your own national government and the social systems that enable or impede wider public involvement in policy-making.

Assignment 2

Due date:	
Value:	35%
Format:	Essay (3000-3500 words)
Blocks covered:	Blocks 5-7 (Block 1 may also be utilised)

Analyse a case study* to explore whether a policy that is being made or has been made, can provide or has been able to provide the best solution to a problem. Have other imperatives affected the policy?

*Your tutor will advise you of what case study to analyse.

Final Examination

Due date:	
Value:	30%
Format:	3 hours, closed book
Blocks covered:	All

The exam will be comprised of eight questions, of which four must be answered. Each question will be marked out of 10. The final mark will be adjusted to a mark out of 30.

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SC1: Public Policy

Block 1:

Case Studies in Policy-Making

Course Developer: Michele Fromholtz
Lecturer in Public Policy and Management
School of Management
Charles Sturt University
New South Wales, Australia

Course Editor: Mary-Ev Anderson
Vancouver, Canada

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The Commonwealth of Learning
1285 West Broadway
Suite 600
Vancouver, BC V6H 3X8
CANADA
e-mail: info@col.org

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Block Objectives

On completion of this block, you should be:

- prepared to analyse case studies in terms of the theories, concepts, and approaches explained in the subsequent blocks
- able to compare case studies with each other and with other policy cases known to you.

Focus Questions

- How does policy-making happen in the real world?
- Will the theories and concepts covered in the course help us to understand and describe policy in the real world?
- Do different policy areas require different strategies for policy development?
- What is good policy practice?
- How can case studies be analysed?

Overview of Block 1
Case Studies in Policy-Making

Block Objectives

Be prepared to analyse case studies in terms of the theories, concepts and approaches explained in subsequent blocks

Be able to compare case studies with each other and with other policy cases known to you

Block Headings

Introduction

Case Studies
- Broad approach
- Specific questions for analysis

Case Studies
1. Health
2. Education
3. Energy
4. Telecommunications
5. Bhopal & public intervention
6. Coordination in NZ health policy
7. Implementation in Somalia
8. Courts and activists against in India
9. International aid in Bangladesh
10. History of a slum in India
11. Sanitation in Bombay
12. Housing in Columbia

Block Summary

1.1 Introduction

The notes in the following blocks will focus on defining policy, understanding the structures, contexts and roles that impact on policy, the participants in the policy system as well as various stages of public policy-making process, and models of decision-making. This block provides some avenues for understanding that information as you progress through the topics. Ultimately, reading the case studies in the context of the following blocks will allow for some integration of all that information to provide a more holistic perspective of policy-making. Public policy is a complex area and it is necessary to break the study down into its components for closer analysis. Blocks 2 to 6 will deal with these components (although you should use the case studies to keep the bigger picture in sight throughout). After studying the discrete components, or even as you study them, it is necessary to draw all the information together to get a broad picture of how everything operates together. Case studies help to do this. According to Edwards (2001, p. 10) case studies add detail to abstract theories about policy and also allow us to 'observe and assess the public policy '"laboratory"'.

It will be mentioned in Topic 2.2.3 that policy studies are often concerned with the analysis of particular policy areas—studies of policy content (using Hogwood and Gunn's 1981 model—Figure 1.1). The case studies presented here are largely such studies. They are concerned with particular issues—education, health, telecommunications, energy. They reveal (and sometimes compare) in detail the substance of particular policies in various countries. There is no shortage of such studies—you can read about them in professional and academic journals, or find less detailed and ongoing accounts of policy content in the media. You can observe the policy that is happening around you, whether you observe that policy as a citizen, an active protagonist, or as someone with an official role in policy-making process.

Policy surrounds us on a daily basis and you can make intelligent observations about it. The particular purpose of this block is to help you to become familiar with a set of case studies so that you can use them to study and understand policy-making processes. In this block, you will read academic accounts of policy—accounts that seek to describe policy in different ways. In part, you can make observations about the policy content itself , for example—is it good, is it appropriate? You can also make observations about the policy process, for example: how was it made, who contributed? Policy is complex and reading the case studies will entail elements of all the blocks to be studied, and also the complexity itself that is part of most policies.

Self-Assessment Activity 1.1

At this point you might like to your work, or your personal circumstances. Use these as the basis for comparing with the policy practices that are identified in the following cases write down two or three policy areas that particularly interest or concern you. They may be policy areas that you are involved in because of

Think also of what your personal views are about the areas to be studied in this block—health, education, energy and telecommunications. What is happening in these policy

areas in your country? Keep on track with any developments when reading daily newspapers.

1.2 Analysing Case Studies

There are many 'recipes' for analysing case studies—some are quite simple, while some are quite complex. In this block I will try to present both—simple and streamlined approaches supported by a range of questions you might ask in any policy area. You will probably have dealt with case studies before (though perhaps not public policy ones). The analysis method here is designed to help you focus on policy issues. The first part of the analysis method is thus broad and immediate. The second part is detailed and specific to the study of public policy. These two methods are presented below. The two methods are not conflicting. The first helps you to ask broad questions—you can read the case study quickly and try to ascertain what is happening. The second helps give you particular things to look for, things that link directly to the concepts that we have been studying in the subject.

1.2.1 Policy Case Study Analysis—A Broad Approach

The most obvious thing that you are doing when you analyse a case study (or indeed write one) is trying to explain what is going on. You can be doing this for two main reasons:

1. To **describe** what is going on—descriptive approaches.
2. To **prescribe** what should go on—normative or prescriptive approaches.

A single case analysis can embrace one or both these approaches. The issue of descriptive and prescriptive theories will be taken up again in Block 2, section 2.2.3. Furthermore, a case study will be trying to deal with the perhaps obvious questions shown in Table 1.1. These general approaches are also replicated in Figure 1.1.

Descriptive (is/are) (Using theories, concepts, etc. to inform your analysis and examples and details to your points)	**Prescriptive (should)** (Using theories, concepts, etc. to inform your analysis and examples and details to your points)
What is happening?	**What** should happen?
Why is it happening?	**Why** should it be happening?
How is it happening?	**How** should it be happening?
Who is involved?	**Who** should be involved?
When are things happening?	**When** should things happen?
Where are things occurring?	**Where** should things be occurring?

Table 1.1: Two modes of case study analysis
Source: Michele Fromholtz

On the surface, these questions are direct, simple and easy. In reality, when looking at the information presented to you, there will always be gaps, limited and missing information. There will not be clear and indisputable causes and effects, or explanations of intent. These are not usually deliberate (though it could be)—there are simply limitations to the amount of detail that is recorded and remembered. A written case study has to be short enough to read in a reasonable period, interesting enough to keep the reader going, structured enough to make the task of reading manageable. The writer of the case study has to pick and choose information to exclude or to include, to interpret information, and to look for information to support arguments and interpretations. Readers don't want to be presented with a lot of fact and no interpretation, but when they get some interpretation they want it to be objective, if possible, and well argued. You need to be alert to this—there will be no single version of the truth. Any case study you read, or indeed any case study analysis that you write, or read, will have these features.

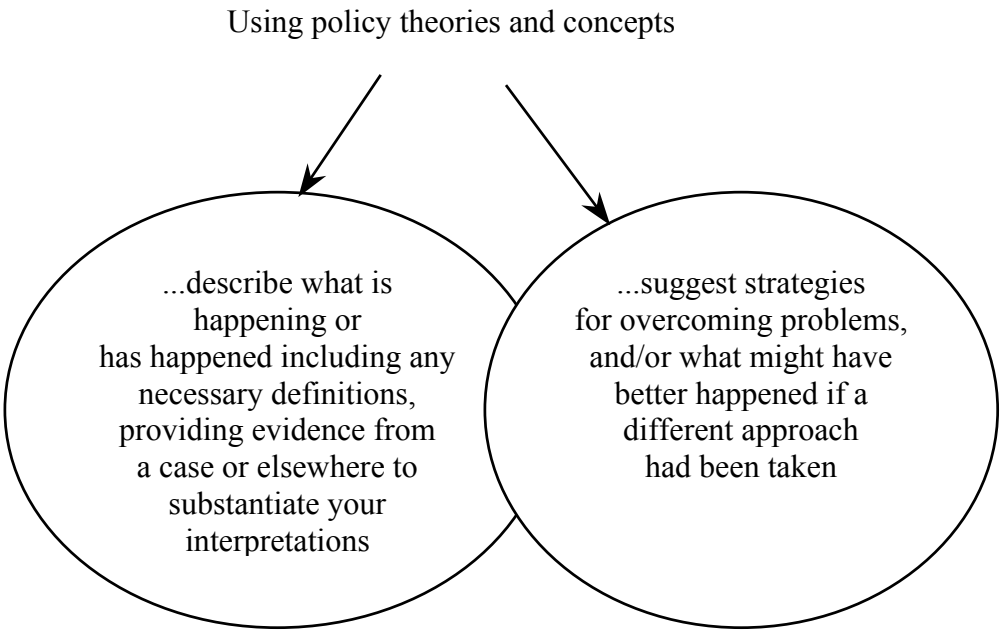

Figure 1.1: Case studies: broad purposes

Source: Michele Fromholtz

You might be asked to analyse a case study with a particular issue or question in mind as well, and in such cases, you need to address your analysis to the issue or question given. You would be looking for information, evidence and argument in the case study that supports or demonstrates a point of view for or against the question/issue given (or you might come to a conclusion that is part favourable and part unfavourable).

Finally, any analysis should be **critical**. You, or any writer, are looking for strengths or weaknesses in the policy area itself, or the account of the policy area. Strengths and weaknesses can relate to the structure and development of arguments, the provision of information or omissions, presentation, level of detail, sufficiency of referencing and

evidence, etc. In broad terms is the case study giving you a good and balanced view of the policy area?

Considine (1994) outlines a critical method for policy evaluation that might apply in the pract ice of policy-making but also in case analysis. He makes the following key points:

- 'Mapping the key factors is a **beginning,** not an end, of analysis;
- There is a difference between **describing** the policy area, **classifying** it (into effective categories) and **explaining** it (establishing cause and effect, for instance);
- **Explaining** is also **evaluating** since 'explanations are viewed as outcomes not of a formula but of a certain process of critical thinking'—which is part science and part interpretative craft. (It takes careful reflection and practice to judge the boundaries between the science and craft.)

(pp. 17-18)

Considine provides four simple guidelines for his critical method:

- *The activities or phenomena must be clearly defined;*
- *The means for gathering evidence should be explicit;*
- *The criteria for judgement ought to be transparent;*
- *Specific episodes and methods should embrace larger theories*

(pp. 17-18)

There can be further problems with setting boundaries between the subject matter and background or contextual material (Considine 1994, p. 18) though perhaps this is a problem in any intellectual endeavour. In policy, in particular, it is extremely difficult to demarcate policy areas as one may flow into, and affects, another (p. 18)—housing conditions can be linked to crime and vandalism, for example. 'Programs are nowhere near as neat and accommodating as the evaluator expects'(Weiss 1972, quoted in Considine 1994, p. 19).

Case studies might be something that you read for interest (and with a critical eye), comment upon or something that you write from research and observation. Being critical will prepare you for all these tasks. In either writing a case, reading one, or writing an analysis of a case, the points described in this section are relevant. Some final points are summarised in Table 2.2, which gives some other criteria for critical analysis of any piece of work.

As indicated, all these criteria can be applied to the reading, writing and analysis of written case studies. The important point to remember is to be critical—you should be willing to analyse and comment upon the way something is written. By being critical you can also be critical of your own work should you be writing your own case study, or your own analysis of a case study. Developing a critical capacity enhances your ability to judge other pieces of writing and other opinions and also enhances your ability to present well structured and careful arguments of your own. The critical method is not about being negative for the sake of it and it can and should include any positive elements. It is about being discerning, thoughtful, impartial and constructive.

Table 1.2: Critical analysis summary list

Analysis: Break the argument or problem down into its component parts in order to understand or explain it properly. Do this by: • Breaking an argument down into its sub-parts • Identifying how each part of an argument relates to the other parts and particularly how and in what direction the causal relationship between the parts of the argument flow. • Identifying whether the arguments used are deductive or inductive. • Identifying premises and conclusions. • Identifying assumptions. • Identifying the context. • Identifying the author's intentions in setting out his/her argument. Consider also the author's position—who is the author and what authority has he or she to comment on the situation? • Identifying whether it uses inductive arguments that relies on empirical research conducted and if so whether the methodology is sound and appropriate.
Evaluation: Following analysis, assess the analysed situation or piece of writing. Give your judgement of such attributes as worth, strength, veracity, or efficacy. • Quality of the argument and reasoning (logical flow of arguments and conclusions, methodology, contradictions, gaps in argument, realistic, valid, logical? • Quality of the structure and expression (clear, intelligible, rhetoric, convincing content, good lay out). • Importance of the argument and the efficacy of the conclusions (your own views about issues, premises and conclusions).
Summary: Summarise your points and the basis for your own critical analysis Remember that your analysis is also analysable in the same way. • Highlight the negatives and positives. • Do not rely on bald assertions or strings of rhetorical statements. • Do not use personal emotions as argument without supporting them with other information and research • Do not rely on strings of quotes.

Self-Assessment Activity 1.2

Using one of the case studies provided with this course book use the methods above to do a brief analysis and evaluation of the case. Add also a brief summary.

(You don't have to do a thorough written report, but attempt to look for the various elements described above).

1.2.2 Policy Case Study Analysis—Specific Questions for Analysis

The approach above should serve you well in any analysis of case studies. However, such analysis requires skill and experience to do well. It is easy enough to understand the process but not always easy to do without practice. The questions in this section are tools to aid in any such shortcomings. They are also questions that link to this particular. course. Quite simply, I have provided a list of questions that you can use as prompts to analyse any public policy case study. The questions are derived directly from the theories and concepts studied in the subject.

On your first reading you will not have covered all these theories and concepts. Therefore, on your first reading, while studying Block 1, they will give you some ideas of what might be worth noting. Later, as you work through the other blocks they might prompt you in the following ways. They should prompt you to look for particular things in the case study that you might have overlooked (simply because there will be so much to see or because some things might be more obvious than others). They will not necessarily all be answerable—the relevant details might not be available in the case study you are reading or the information you have to hand. You may have to do wider research (library or field or archival studies) to get the information you want, depending upon the level of analysis and the purpose of your case study.

The questions can stand alone but to help you put them into a context I have put them in a table that enables you to identify which block and topic/subtopic area they are derived from. Note that the questions can overlap—the same answer might apply to more than one question depending upon the nature of the policy area being considered. There are repetitions in the questions too, since sometimes expressing similar questions in different ways can prompt you to see things in a different light—one form of the question might suit one case study but not another. Whilst relevant blocks have been indicated this does not mean that the question is necessarily confined to that section since many elements transcend such headings and could be accounted for in a number of different ways. The block references are starting points but not comprehensive.

Table 1.3: Specific questions for public policy case analysis

Key Questions to Guide Case Analysis	Block topic/ Sub-topics
What is the policy? Can you state its key elements in a sentence or paragraph?	2.2.1
Is the policy the result of legislation?	2.2.1, 4.5
Who has had a role in formulating the policy—legislature, political executive, permanent executive, judiciary, social groups or important individuals?	2.5, all Blocks 4 & 5
What instruments are being used to apply public policy? (policy types)	2.4
Are there clear demarcations in the policy process? Can a 'policy cycle' perspective be applied or is the process too blurry for this?	2.5
How did the policy get on the political agenda? Is it a continuing policy or a new one?	2.5 & 2.5.2
Whose influence got it on the political agenda for consideration (whether new or continuing)? How did this happen?	2.5.2
What sort of reason can be used to explain why it got on the political agenda?	2.5.2
Was the policy area appraised before being considered as an area around which policy needed to be formulated?	2.5.3
What information was brought into the policy process to help develop policy solutions?	2.5.3 & 6.2
What provisions were made in policy formulation for carrying out the policy (implementation)?	2.5.5
What gaps have arisen in the implementation process?	2.5.5
What sort of policy are we dealing with?	2.2.1 & 4
How was the policy expressed—Act of Parliament, green papers, departmental statement, a part of a political manifesto or platform, media releases, publicity brochures (more than one can apply)?	2.2.1 & 4
Who implemented the policy—civil servants, commercial agencies, street level bureaucrats, the citizens of the nation, others?	2.5.5 & 4
Was implementation applied from the top-down or bottom-up?	2.5.5
Has the policy been modified in the process of implementation?	2.5.5
Was there a clear barrier between formulation and implementation?	2.5
Has the policy been in place for some time or is it just established?	2
For long-term policies has an *ex-post* evaluation been conducted?	2.5.3
Has an *ex-ante* evaluation been conducted?	2.5.3
What form of evaluation has been carried out?	2.5.3 & 2.5.6
Were there problems or deficiencies, or strengths, in the evaluation process?	2.5.6
Is the policy continuing?	2.5.7

Key Questions to Guide Case Analysis	Block topic/ Sub-topics
Is the policy being flagged for termination, or was it terminated?	2.5.7
Is there some other policy to succeed the existing policy?	2.5.7
Does the policy fit any of the criteria of 'good policy'?	2.6.1
Are there features of the policy that make it 'good' (use your own judgement here too)?	2.6.1
Did the policy achieve what it was meant to?	2.5.6 & 2.6.1
Were there unintended effects of the policy—good or bad?	2
How does the policy compare to other policies in similar contexts—e.g. other nations, states, and local government areas?	2
Was the policy effectively and efficiently delivered?	2.5.6 & 2.6.1
What political model explains the policy context; e.g., Westminster model?	3
What implications does the political model (such as the Westminster model) have on the way the policy was developed? Might the same problems have been dealt with differently in a different country with a different system of government?	3 & 4
What key political institutions operate (e.g., legislative, executive and judicial roles)?	3.2
How does the concept of separation of powers apply in the case situation and what affect does it have on the policy?	3.2
How do you think the degree of separation of powers affects the level of independent and representative governance (in terms of policy reflecting the needs of citizens) in the country?	3
How does the degree of separation of powers help or hinder coordination of policy activities (across government agencies or levels of government)?	3
What checks and balances are there to constrain concentrated political power in the executive or elsewhere? How does this impede policy-making? (includes upper houses, means of election, coalitions and oppositions and other features of the political system)?	3
What other features exist in the particular political system and what problems and advantages are there?	3
Is there democratic policy-making?	3, 3
Is party politics a dominant force in the country's system that impedes the best policy being made?	3.3 & 4
What particular aspects of the political system cater for the needs of different sectors of the population (,e.g., different ethnic groups) and if none should there be mechanisms to cater for these groups and their interests?	3.3 & 4
What are the key features of the political system constitutionally, institutionally and politically?	3
How has the policy been made and by whom; e.g., legislature, political and permanent executive, judiciary?	3
Who are the interested participants involved in commenting on the	4.2.1

Key Questions to Guide Case Analysis	Block topic/ Sub-topics
policy or seeking to influence its development? Are public servants included?	
How is power is being utilised and whose values may be predominating?	4.2.2
Can the concept of non-decision making help to describe anything that is happening (or not happening)?	4.2.2
Is there a possibility (or certainty) that some policy options have been suppressed or has the range of options been limited by the way in which societal values are shaped?	4.2.2 & 4.2.3
Can we assume a clear political/administrative dichotomy?	4.3 & 4.4
Do the civil servants carry out the policy legislated to the letter of the law?	4.4
How much discretion do civil servants have in implementing policy? Is it too much in this case? Is it too little? How does it affect their abilities to do their job properly?	4.4
In relation to above what power sources were used to shape the policy? Who influenced the policy and how? What values did these individuals hold, what values did the institutions represent?	4 & 5
In regard to who influenced policy, was the relative balance of power a reasonable and fair one or did one person or group have a disproportionate amount of influence?	4 & 5
How visible is the power involved and how clear are the values of the participants who influence the policy? Are we aware of where our policy really comes from?	4
Can you identify all the different participants in the case study? How complex and diverse are the dynamics between these groups?	4, 5
Can any theory of the state describe the type of players involved in the policy-making process?	5
How might the balance of power in the policy-making process be explained? Do any of the theories of state help to explain this distribution?	5
What decision-making model might be applied to the choices made in developing the policy? Is there a clear model?	6
Is the rational model being applied? Can you identify how the steps were followed?	6.2.1
Is the incremental model best to explain what is going on? If so, can you explain it in terms of marginal changes, disjointed incremental adjustments, partisan mutual adjustment and/or strategic analysis?	6.2.2
Can Dror's optimal model be applied in any way?	6.3
Does the case suggest that a purely rational or optimal model can exist in reality?	6.2 & 6.3
Is the decision-making process a combination of models in the case? Do Etzioni's or Vickers' models apply? Is another combination at	6.2, 6.3 & 6.4

Key Questions to Guide Case Analysis	Block topic/ Sub-topics
play that is not formalised as a policy-making model?	
What issues are impacting upon the policy-making process—economic pressures, pressures for ethics, accountability or transparency, pressures for participation and consultation?	7
How are the participants being encouraged to be ethical in their policy roles (codes of conduct, other methods)?	7.2.1
Are there any participants who are not being asked to adhere to ethical guidelines? What impact might this have on the resultant policy?	7.2.1
What ethical principles are guiding the policy-making; e.g., utilitarianism, intuitionism?	7.2.1
How are the participants being held accountable for their roles in policy-making (performance measures, reporting procedures, review measures etc.)?	7.2.2
How is the policy-making process set up to ensure transparency in the policy-making process? How can this be achieved?	7.2.3
If a community consultation or participation approach is being used is it genuine or tokenistic?	7.3
If a community consultation or participation approach is being used is it generating the expected advantages?	7.3
If a community consultation or participation approach is being used is it gaining the input of all relevant stakeholders?	7.3
How much is the policy driven by economic imperatives and what are they?	7.4
What particular features of new public sector management are driving policy; e.g., privatisation, contracting out, performance indicators?	7.4

Self-Assessment Activity 1.3

Using the questions provided in Table 1.3 attempt to answer some of the questions in relation to one of the case studies provided in this course book.

(You might like to consider the same case that you looked at for the previous exercise to see if these questions shed any new light on the case or choose a new one to take a fresh view).

Don't forget that you should read all the case studies so that you can follow through on comments made on them in subsequent blocks.

1.3 Case Studies

The following case studies are diverse. They are diverse not just in approach of analysis and mode of presentation (including very academic articles, government statements, personal accounts and journalistic opinion). They cover different policy areas too, but they are different because they look at policy issues in many different ways. They include an account of policy formulation and development in one area, national comparisons, the impact of international organisations, the need for public sector intervention (in a case that is largely taken from a private perspective), stories of people affected by policy, and others.

These cases will be referred to in the subsequent blocks in the sections called 'Case Comments'. These boxed comments highlight some aspects of the cases that are relevant to the particular theories and concepts of that block. They will not be comprehensive. Not every case will be referred to each time and there will be much more that could be said or suggested about the cases. These references serve to guide your reading and learning but cannot possibly provide you with a full analysis of each case. They are there to encourage you to think about the concepts and to begin to apply them to practical contexts. As well as recognising the points being made about the cases in the comments, these comments should stimulate you to see other points in the same or other cases. They may also lead you to disagree. You are certainly encouraged to formulate your own ideas and concepts, though you should be prepared to support them with well substantiate arguments.

It might also be useful to keep your mind open to comparing the cases to any your tutor may provide, any you are aware of going on in your own organisation or community, and any issues you read about in newspapers that have a policy dimension. Policy affects our daily lives in many visible and invisible ways. The more you look the more you will see.

Case 1: Health

Mohan, J. 1990. Health care policy and the state of 'austerity capitalism'. In *The state in action: Public policy and politics*. J. Simmie and R. King, eds. London: Pinter.

This case study is an historical one—set in the 1980s and forecasting future policy from that date. It is valuable in its comparison of what is happening in several countries with a focus on the future of policies in Britain and the United States. It is clearly focused on what is being provided, the political balances that sway policy provision, and the economic pressures that are brought to bear in this area.

Case 2: Education

Edwards, M. 2001. Paying for a university education: HECS and not fees. *Social policy, public policy: from problem to practice.* Sydney: Allen & Unwin.

This is an Australian case study exploring the funding arrangements for higher education in Australian universities. The author of the case study indicates quite clearly, in the first chapter of her book, the structure she adopts for each of the case studies in her book. Each:

> *. . .[S]tarts by setting the historical and 'bigger picture' context in which the particular policy issue under scrutiny was raised. Before presenting a stage-by-stage treatment of policy development, there is a discussion of the main players, their networks and the relevant organisational structures. (Edwards 2001, p. 11)*

She also says that the cases:

> *. . . [I]nvolve complexity in policy processes and show what was achievable with a sometimes exceptionally comprehensive use of processes, despite the odds. (Edwards 2001, p. 10)*

There is also the inclusion of personal diary entries which show how one of the players (the author) and some other personal accounts that help us to get inside some of the arbitrary and personal human elements of policy development.

Case 3: Energy

George, S. 1991. *Energy. Politics and policy in the European Community*. 2d ed. Comparative European Politics series. Oxford: Oxford University Press.

This case is largely comparative in demonstrating the policy of a major regional political alliance. It is about the European Community, and therefore demonstrates the nature of international governmental 'policy'—its complexity, its need for cooperative decision-making amongst member countries—despite different perspectives—and also the influence of other countries on policy—particularly the non-member United States. It is an historic case set in the early days of the development of the European Community.

Case 4: Telecommunications

Boskin, M. 1996. Guidelines for reform in telecommunications regulation. In *Leading economic controversies of 1996.* E. Mansfield, ed. New York: Norton.

This case is quite clearly a strong political statement from the office of the US President (President George Bush Senior was in government in 1993 when the article was written) as part of the Economic Report of the President. It thus presents a 'government' view of its own policy though it justifies it and outlines the main issues and players (including different levels of government) involved. While perhaps lacking in criticism, other perspectives and the level of complex and divergent opinion that might exist, it is useful in displaying **stated** government policy (both as a policy output and a policy position of a government in power).

Case 5: Bhopal and the call for public intervention

Buchholz, R. A., W. D. Evans, and R. A. Wagley. 1994. Union Carbide: Chemical dangers. In *Management responses to public issues: Concepts and cases in strategy formulation.* 3d ed. Englewood Cliffs: Prentice-Hall.

Taken from a management book (for strategies in dealing with 'public' issues) this case study is useful because it shows the tenuous borderline between public and private activity. It also shows a clear prompt for the public sector to intervene by formulating or applying policy to an emergent and emergency situation. There is considerable detail about the 'cause' of the problem but it is worthwhile reading as it helps to demonstrate the complexity of events in the case, and the difficulties of simply applying remedies or preventative legislation. You should also note the heavy American viewpoint in the case despite its Indian location, the ramifications for American law (and presumably Indian though much less is stated about this) and the complex jurisdictional problems and issues that emerge in a case involving an multinational corporation.

Case 6: Coordination in New Zealand health policy

Barnett, P. and K. Jacobs. 2000. Policy making in a restructured state: The case of the 1991 health reform policy in New Zealand. *Australian Journal of Public Administration* 59(1): 73-86.

This case is included to provide an alternative health case but more particularly to give some exemplification to the changes and practices that typify 'the New Zealand model'. It embraces some explanation of managerialist trends in the public sector globally, and the relevance of these for policy outcomes. The case also utilises Boston's (1992) framework of three types of relationships that 'are important in maintaining a coordinated approach to policy' (Barnett and Jacobs 2000, p. 75) referring most strongly to inter-departmental coordination. The case study is detailed in its historical account of policy development over a number of years and embraces policy formulation via an appointed taskforce (instead of bureaucratic advice), as well as implementation.

Case 7: Implementation in Somalia

Love, J. and C. Sederberg. 1987. Euphony and cacophony in policy implementation: SCF and the Somali refugee problem. *Policy Studies Review* 7 (1): 55-173.

An older and quite academic case study, this one focuses predominantly on implementation, and adds value because it questions the applicability of theory developed for advanced countries being applied in 'developing' nations. It shows the complexity of different players in policy and implementation and focuses on a policy area of refugees

and the Save the Children Fund (SCF). The case also draws attention to the complexities of policy theories in general.

Case 8: Courts and activists against dams in India

Black, M. 2001. The day of judgement. *New Internationalist* 336 (July): 9-11.

Not only does this case tell a story of how a people's movement has developed around a policy issue, it also investigates the issue itself, and the pivotal role that the judiciary could have in major policy development. While the people did not win their case through the Indian Supreme court, such movements have been successful in other countries (for instance, stopping the Franklin Dam, in Tasmania, Australia). As in the other articles from this magazine, it is a Western magazine for people with an interest in the welfare of people around the globe. While often the contributors are westerners there are also local contributors. The author of this article is not Indian and critical analysis is part of establishing whether her arguments are sufficiently impartial and well-informed.

Case 9: International aid impacting on national policy in Bangladesh

Brazier, C. 2001. Building up the poor—or reinforcing inequality? *New Internationalist* 332 (March): 9-12.

Policy is not controlled within national borders and sometimes it is the impact of influence from outside that is important in a policy area. In Bangladesh, the impact of international aid on national and local circumstances is explored. Essentially, the most prevalent policies in this case are the choices made by agencies delivering aid from Western countries and within Bangladesh.

Case 10: History of a slum in India

Seabrook, J. 1997. The fire, a death and the cooking pots. *New Internationalist* 290 (May): 12-14.

This case is set in urban India (Sanjay Gandhi Nagar). It is concerned with an intractable problem (or so it seems) with slum dwellers who are moved from their homes several times, but have nowhere else to go. The local authority, richer people in adjacent apartments, and the State government become players in the situation as well a resident's society and a non-governmental local organisation.

Case 11: Sanitation problems in Bombay

Patel, S. 1996. Sense and sanitation. *New Internationalist* 276 (February): 26-27.

This case includes the story of slum dwellers in an Indian city. The story is both personal and communal, encompassing a range of players from the individual to the municipal. It embraces 10 years of history up to 1996. It is valuable in exploring what can happen in a community, and how pressure can be placed on municipal authority through the provision of better knowledge in a consultative or participative process.

Case 12: Housing in Columbia—policy implemented in communities

Ospina, José. 1987. *Housing Ourselves*. London: Hilary Shipman.

Housing is a focus again in this case study but it demonstrates a case of national government and local/community actions. Central government largely subsidises and regulates, leaving much of the policy action to the community to best carry out, to provide what is needed for local circumstances. It is valuable in showing how a national government can establish broad policy areas that put into place detailed mechanisms that can allow the policy to be executed in diverse ways in different communities (reflecting local need and energy. It also demonstrates a broad policy area (housing) with many aspects, and evidence of government policy failing to keep pace with demand in the society (the housing deficit was growing at an enormous rate).

1.4 Block Summary

Case studies are diverse. There is no ready reckoner to writing them or understanding them. While it makes our task harder, it is more realistic to expect this diversity and to work with it. Policy is not simple and cannot be schematised to cover every situation. The case studies above are designed to give a broad coverage of content, approaches and issues in policy studies. They are not comprehensive and it is to be expected that you might read many more cases, or experience them in your working life. The more you read the more you will become adept at looking at them critically and with raised awareness of policy-making processes and issues. Such awareness will inform your understanding of policy-making and also your view of the world around you. These cases will be referred to throughout the rest of the course so it is important that you read them all and become familiar with them.

References

Barnett, P. and K. Jacobs. 2000. Policy making in a restructured state: The case of the 1991 Health Reform Policy in New Zealand. *Australian Journal of Public Administration* 59(1): 73-86.

Considine, M. 1994. *Public policy: A critical approach*. Melbourne: Macmillan.

Edwards, M. 2001. *Social policy, public policy: From problem to practice.* Sydney: Allen & Unwin.

Hogwood, B. W. and L. A. Gunn. 1984. *Policy analysis for the real world.* Oxford: Oxford University Press.

Weiss, C. H. 1972. *Evaluation research: Methods for assessing program effectiveness.* Englewood Cliffs: Prentice-Hall.

Further Reading

Not all cases of public policy are presented as already-analysed cases. However, you will be able to follow issues and find material to conduct your own analysis of policy cases. Read as many journals as you can and also follow policy development through the media—newspapers, periodicals, television, radio, etc.

Some international journals where you might find relevant policy case studies include:

- *Public Administration Review* (American and international sections)
- *Public Administration* (British and international sections)
- *International Review of Administrative Sciences*
- *Administration and Society*

You are also likely to find case studies in journals of specific interest e.g. health in health journals, education in education journals etc.

Books with case studies tend to be fewer and less recent. Some books providing case studies include the following:

- Castles, F. G. ed. 1989. *The comparative history of public policy.* Cambridge: Polity Press.
- Hill, M. ed. 1993. *New agendas in the study of the policy process.* Hemel Hempstead: Harvester Wheatsheaf.

You may be able to register online at the website for the Institute for Development Policy and Management (IDPM) at the University of Manchester (Britain). IDPM is a multi-disciplinary unit within the University of Manchester specialising in management and development in developing and transitional economies. This site often includes discussions of central issues and case studies. The address is: *http://idpm.man.ac.uk/*

Commonwealth of Learning Executive MBA/MPA

SC1: Public Policy

Block 2

Understanding Public Policy

Course Developer: Michele Fromholtz
Lecturer in Public Policy and Management
School of Management
Charles Sturt University
New South Wales, Australia

Course Editor: Mary-Ev Anderson
Vancouver, Canada

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The Commonwealth of Learning
1285 West Broadway
Suite 600
Vancouver, BC V6H 3X8
CANADA
e-mail: info@col.org

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Block Objectives

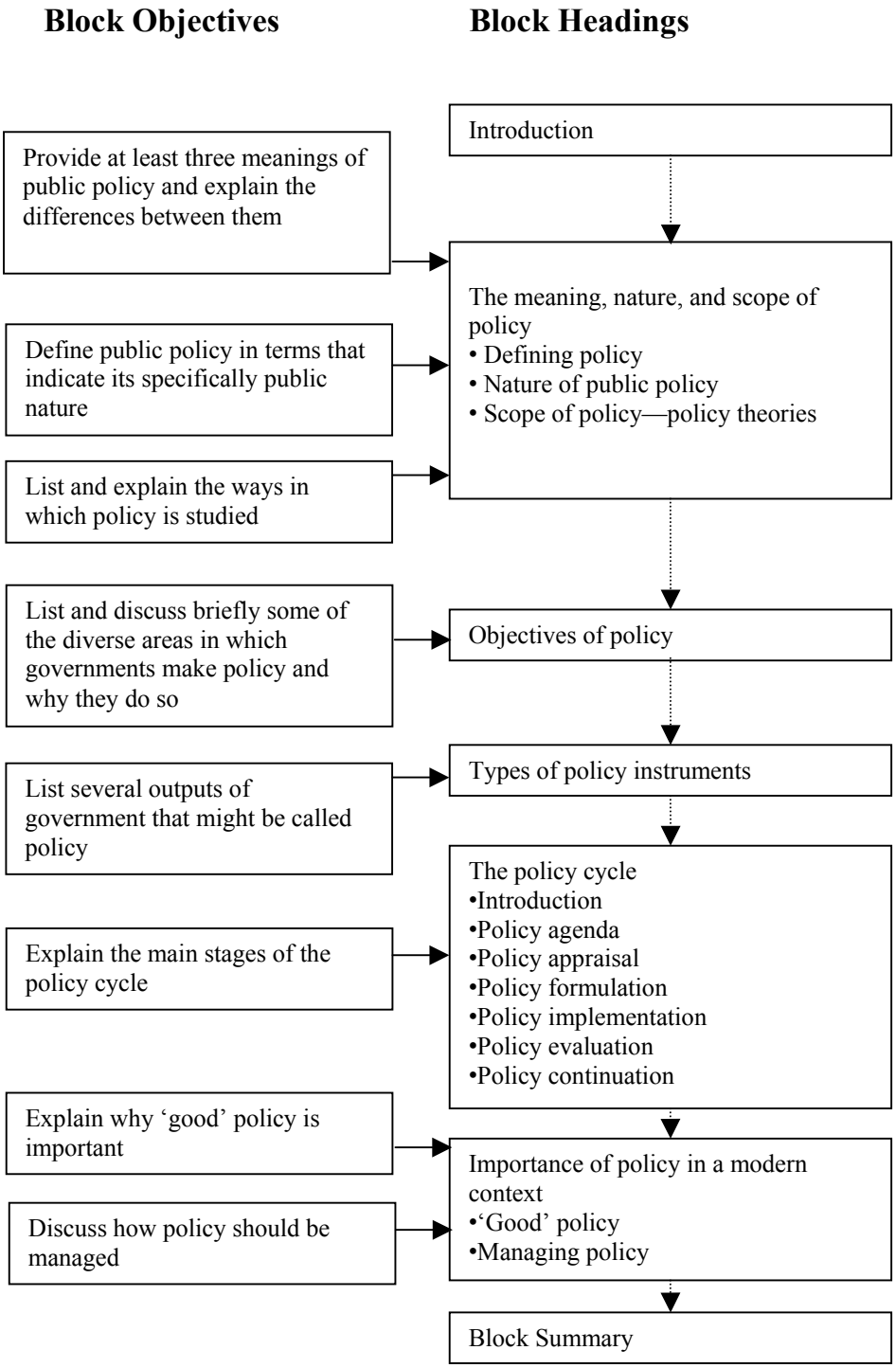
On completion of this block, you should be able to:

- Provide at least three meanings of public policy and explain the differences between them
- Define public policy in terms that indicate its specifically public nature
- List and explain the ways in which policy is studied
- List and discuss briefly some of the diverse areas in which governments make policy and why they do so
- List several outputs of government that might be called policy
- Explain the main stages of the policy cycle
- Explain why 'good' policy is important
- Discuss how policy should be managed

Focus Questions

- How can we define and understand policy?
- Why is there policy theory? What purpose does it serve?
- What prompts governments to formulate policy in different areas?
- Is policy-making simply decision-making or is there more to it?
- Why is policy-making an important field of study?

Overview of Block 2:
Understanding Public Policy



2.1 Introduction

This block concentrates on identifying what policy is and how it is understood in our society. It also explores the reasons why policy is introduced, the types of policy that develop, and the ways in which they are delivered. We will examine the cyclical model of policy, which underpins much policy-making theory, and consider what makes 'good' policy.

The terms 'model' and 'theory' will be used frequently during this course. While they are not always interchangeable, sometimes a model can be formulated to illustrate a theory.

Self-Assessment Activity 2.1

Explain what you think this policy course will be about. We suggest returning to your answer later to see if your perspective has changed.

2.2 The Meaning, Nature, and Scope of Policy

2.2.1 Defining Policy

Everyone has some notion of what constitutes public policy. Analysis of the different concepts people have about public policy reveals a diversity of definitions.

Definitions range from very broad to very narrow interpretations. They vary from placing emphasis on how policy is made to what actually makes up the content of the policy. Some discussion treats public policy as the emerging outcomes of rather complex bargaining and negotiation processes between a group of participants. More traditionally, policy is deemed to be a predetermined course of action determined by elected representatives of the people.

Anderson (1990, p. 4) defines public policy as 'anything governments choose to do'. Policy is not a simple phenomenon, but complex and multifaceted. Although much 'policy' might be a straightforward statement of what will be done, the stated objectives may not be the only objectives, or indeed the most important ones. Indeed, other covert or subconscious objectives may exist. Anderson (1990) lists another definition that labels policy as:

> *[A] purposive course of action followed by an actor or set of actors in dealing with a problem or matter of concern.* (p. 5)

Anderson (1990) lists some of the implications of this definition of policy as:

- being goal-oriented rather than random, although goals could be loosely stated and unclear
- consisting of courses or patterns of action taken over time by government officials rather than discrete, separate decisions

- consisting of the decisions and statements that emerge in response to policy demands, or demands for action or inaction by other actors
- involving what governments actually do, not what they intend to do, including **policy outputs** in pursuance of policy decisions and statements
- being positive or negative
- being accepted as legitimate, authoritative, and legally based (pp. 6-8)

Turner and Hulme (1997) list and elaborate on a range of ways in which the term 'policy' is used:

- a label for a field of activity—broad statements by government about industrial policy
- an expression of general purpose or desired state of affairs—'to provide every citizen with a sanitary environment'
- specific proposals—'to reduce inflation by three percent in the next year'
- decisions of government—policy decisions announced by the president or parliament
- formal authorisation—acts of parliament
- a program—a land reform program
- output—what is actually delivered such as the number of subsidies given
- outcome—what is actually achieved, such as better health for women
- a theory or model—'if we do x then y will happen', or 'if people have clean water there will be a lower mortality rate'
- process—a long-term matter, which begins with issues and moves through objective-setting, decision-making, implementation, and evaluation (p. 59)

Bridgman and Davis (1998) provide a similar list. Public policy:

- is intentional, designed to achieve a stated or understood purpose
- involves decisions and their consequences
- is structured and orderly
- is political in nature
- is dynamic (p. 3)

Finally, Davis *et al*., (1993) provide a richer explanation of policy:

> *…[P]ublic policy is the complex interplay of values, interests, and resources. Policies express values, support or curtail interests and distribute resources. They shape, and are shaped by, the constituent elements of politics, so that policies represent victories or compromises encapsulated as programs for action by government. (p. 4)*

Self-Assessment Activity 2.2

Look for government policies being discussed in newspapers. Do the definitions and features above help to describe any of them?

Terms and definitions can be very specific or very general. Specific definitions may be useful in some instances, but can narrow the field of study considerably byexcluding important aspects. On the other hand, definitions can be so broad that they are of little use. It is important at the outset to examine diverse ways of defining public policy as the particular definition adopted may have an impact on how the policy-making process itself is interpreted.

Throughout this course, a variety of definitions will be presented to give you as wide a perspective as possible. Course readings take diverse perspectives on defining policy. It would be counterproductive to adopt a single definition of public policy for the course when such diverse definitions or understandings of policy exist.

Understanding various definitions will help you to be alert to the diverse assumptions made about what policy is in your reading. You should consciously consider these assumptions when assessing the points made in the literature. Being familiar with the definitions can help you recognise the definition (not always clearly stated) adopted by the author(s). You should also then understand the position the author is taking in terms of defining policy and how broadly or narrowly policy is being defined.

Self-Assessment Activity 2.3

Using a relatively narrow definition of policy from the discussion above, think about which aspects of what your 'government chooses to do' may be excluded using such a definition.

Case Comments – Cases are to be found in your Case Studies Booklet

Case 2: The HECS policy in this case is clearly a purposive action by a national government. It was actively pursued, and several actors with varying values were directly involved and later affected. Whether the policy was structured and orderly is arguable, as it seemed to evolve; its goals were defined in loose terms, although with specific political intentions (which challenged even the political party presenting them). Earlier in the process there were policy statements such as the Green Paper, and later the policy was legislated.

Case 4: One only needs to look at the footnote on page 71 of this case to see that it is an excerpt from the Economic Report of the President. (Note that the summary and questions at the end are part of the structure of the book in which the case was included, rather than part of the Economic Report.) As such it emerges from a key player in the government and is a supporting document of what that player and his office want to do. It is an intentional statement covering a broad policy area. It is a carefully worded reflection of the President's opinion (although realistically we would expect that the President's opinion as expressed in such documents is broader than his real expertise). Policy opinions emerge from a range of supporting executive staff who are appointed and selected both for their expertise and their political persuasion. Within the case, at least two specific pieces of legislation are mentioned—the Cable Communications Policy Act of 1984 and the Cable Television Consumer Protection and Competition Act of 1992 (p.

76). These two acts, while both relating to cable communications, have clearly different foci.

Case 9: The main purpose of international aid is to eradicate poverty, so there is a statement about that in the section about delivery of funding. International aid is often delivered through governments and can have substantial public impact.

Case 12: There is a range of government policy within this case. Sometimes there is specific legislation mentioned, such as 1928 legislation requiring municipal authorities to invest a percentage of their budgets on worker housing. In other ways, it is evident that government is taking action with funding, but not necessarily based on legislation. The case details a policy area, such as Turner and Hulme's 'field of activity'. It covers a range of policy activities, specific and less specific, relating to housing. Near the end of the case study is a listing of political pledges of the new Liberal government—statements of intent, though not in any way formalised by spending, legislation, etc.

2.2.2 The Nature of Public Policy

There has been some debate about what makes a policy public rather than private. We often assume that everything the government does is public policy and everything the private sector does is not, but this distinction is difficult to support. Activities undertaken by the private sector can have a significant impact on the public at large. The regulatory powers of governments in areas such as pollution control and industrial safety clearly indicate that private sector activity is of public interest. Also, governments can engage in commercial activities through government-owned enterprises that may have little impact on the public at large and be of little interest. Finally, governments can implement their policies through private sector agents.

King (1990) indicates that:

> *Contemporary political life is characterised by an apparently messy co-mingling of the public, private and semi-public. . Not only do some individuals move with increasing ease between public and private institutions—senior civil servants, for example—but public decisional processes frequently embrace both official (governmental) and non-official groups. The question of where the state begins and ends is further complicated by theoretical positions attributing an overarching function or purpose for the state, so that any agency contributing to that purpose is deemed part of the 'state apparatus'.* (p. 3)

King goes on to suggest that media or educational institutions could be seen as agencies contributing to state purposes and so a part of the state's apparatus (1990, p. 3).

Case Comments – Cases are to be found in your Case Studies Booklet

Case 4: Most of the telecommunications of a country may be provided by private sector organisations, but government clearly wishes to intervene, whether through regulation, court decisions, or control of market mechanisms. The arguments about competition and

deregulation in the case illustrate that some analysis is occurring. Government is feeling its way along in this policy area, both practically and ideologically. The boxed case on page 73 of the case study reveals a complex web of private sector providers.

Case 5: This case is almost entirely about a private company and the damage it caused. It falls less clearly into the zone of public policy, but does so in the sense that it gives an account of a major disaster, the ensuing legal battles over liability and compensation, and the laws that resulted. .However, besides the information about the tragedy, explanations, and business implications, there are important matters relating to international issues, jurisdiction, and sovereignty. This case transcended the borders between India and the US; both countries had to develop responses. Policy for different countries, in this sense, can emerge from the same issue. Clearly business was also affected by the tragedy; the event prompted reformulation of private business policies as well as policy in the public arena.

Case 9: The author of this article describes a range of aid donated and delivered by various organisations. The benefits to be gained by aid are both of private and personal importance.

Case 12: This case is especially useful in illustrating that what happens in a country in a particular policy area—housing—is both public and private. The government utilises private sector and community organisations to achieve its desired outcomes. It does this by funding or subsidising their activities, encouraging and legislating for their formation, and monitoring their activities. It occasionally takes action to overcome obstacles, such as land acquisition, to achieve what is required. Not only are land and actual housing relevant, there are links to other services and requirements, such as bank finance, labour, design and building expertise. The activities of the private developers, particularly those who take advantage of the weak control of land supply, are clearly impacting upon the society at large. In turn, the government is trying to regulate and control their activities, and also to harness the expertise, capital, and drive of the private sector to achieve housing aims.

Self-Assessment Activity 2.4

Can you think of examples of private sector activities that are of interest to the public at large and that elicit government responses, such as laws and regulations? Can you name any government-owned enterprises?

2.2.3 The Scope of Policy—Theories of Policy

As in many areas of administrative or organisational studies, much of the discussion of public policy uses theories as tools to help to explain complex and unclear areas. While they can be useful, it is not realistic to expect them to provide moulds into which policy-making activities will always conveniently fit. Theories provide a common language, and the means to try to recognize patterns of activities and procedures. They can help to make sense of apparent chaos. Conversely, they can also be used to question the assumptions

we make about how things are actually done, and to provide broader ways of looking at policy-making.

Theories can be descriptive and/or prescriptive. Descriptive, or explanatory, theories seek to describe what is happening or what has happened. Normative, or prescriptive, theories state how situations should be. A normative policy-making model would provide a formula or prescription for the way policy-making should occur. The usual expectation is that normative models seek to improve policy-making.

Despite the encompassing nature of public policy it is necessary to examine the topic in terms of some of its discrete components. It is important to remember that these components are not discrete in reality but, in fact, form a complex web. The study of public policy is reductionist in nature. It seeks to break a whole down into its parts in order to understand what is going on. An important follow-up to this is to then synthesise all these parts into a broader and more holistic understanding. It is actually quite difficult to discuss one aspect without discussing the others. It is not possible to discuss policy-making actors without discussing the process in which they play a part. It is also not possible to discuss the policy-making process thoroughly without considering the participants and system.

In addition to the terms 'public policy' and 'public policy-making' numerous other terms appear in the literature. These terms are not always used consistently, which can lead to some confusion. Attempts have been made to clarify this confusion; an explanation of commonly used terms, adapted from Hogwood and Gunn (1981, pp. 26-29), is given below, followed by a diagram representing the range of the terms and how they may be classified (Figure 2.1).

- **Studies of policy content**—focus on the origins, intentions and operation of specific policies (primarily descriptive)
- **Studies of policy process**—identify how policies are actually made by analysing the actions taken by various actors at each stage of the process (primarily descriptive)
- **Studies of policy outputs—**usually try to analyse patterns in policy outputs in statistical ways or by the use of performance indicators (largely descriptive)
- **Evaluation studies**—evaluate policies in terms of how they have achieved their objectives (largely descriptive)
- **Information for policy-making**—collects information to help make policy decisions (equates with policy appraisal)
- **Process advocacy**—is concerned with analysing the policy-making process and changing it (usually by seeking to make it more 'rational' and thus a prescriptive approach)
- **Policy advocacy**—analyses policy to make an argument for a particular policy (useful to make a distinction between the analyst as a political actor; e.g., a consultant or a public servant, and the political actor as an analyst; e.g., a member of the community, or a politician analysing policy) (primarily prescriptive)

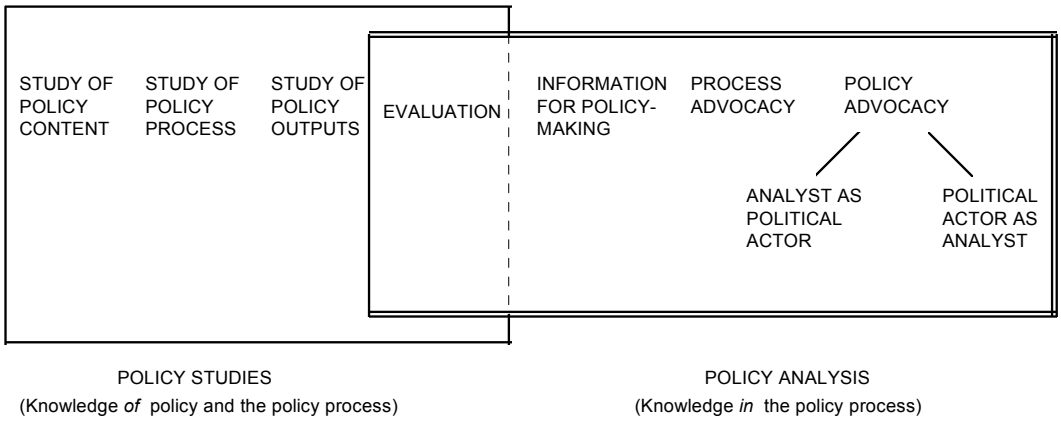


Figure 2.1: Types of public policy studies

Source: Hogwood and Gunn 1981, p. 29

These perspectives highlight the broad range of studies which may be presented under the topic area of public policy. Thus policy literature and policy activity serve a range of purposes.

Although specific policies, their contents and outputs are discussed in this course to illustrate policy theories, they are not of prime concern. The focus of this course is the study of policy at a theoretical level. We are mostly concerned with what Hogwood and Gunn classify as policy process in the above typology—how policy is made and how it works.

Case Comments – Cases are to be found in your Case Studies Booklet

Case 1: This study's interest lies in its comparison of the policy content of various countries.

Case 4: This case is clearly one of policy advocacy. The writer of the President's Economic Report is stating a position—presenting the political opinion of the politician. This does not mean that the policy is not based on evaluative and rational analysis, but one needs to be clear about whose voice is being heard, how objective it is, and what purpose it is trying to achieve. The ideological position of the writer is clearly stated on page 72—'government regulation, and not economic factors, may be the real bar to competition in those markets', and 'competition is superior to continuing rate regulation', Keep in mind that some people or groups might take a different position. Also, there is advocacy represented on page 74 where the report states that 'financial interest and syndication rules are unnecessarily restrictive', referring to broadcasting networks, and that the rules should be eased.

Case 9: This case presents evaluative comment on current aid activity in Bangladesh.

Case 11: While there are elements of content studies in this case, perhaps the stronger and more interesting elements are those of process advocacy. Its message is that if communities were consulted and involved in policy-making about their own problems, better understanding of those problems would occur and better solutions would be

generated. Then the community would become more capable of contributing ideas and information to other policy problems. Note the explicit comments about process in the boxed section on page 161.

Case 12: This case emphasises the content of a policy area rather than how policy is made, although there are occasional references to housing organisations influencing government decisions., For example, the self-help housing movement is said to be 'becoming stronger, and more able to influence government policies and obtain resources' (p. 171). There are also evaluative comments and some analysis of policy outputs in the case.

Self-Assessment Activity 2.5

When you are reading current stories in the media about government policies, notice what approach is being taken—policy studies or policy analysis. Use Hogwood and Gunn's typology of policy terminology to consider the perspective of the writer of the newspaper or magazine article.

2.3 Objectives of Policy

Traditionally, the roles or functions of government have been clearly enunciated. Table 2.1 illustrates basic functions of government and ways in which government intervenes when the market fails.

The list provides a picture of the vast diversity and extent of government activity and, by extension, what those in public sector management might be involved in. There are now higher expectations that the government will achieve public benefits such as equity, justice, and accountability for use of public funds. There is also a greater sense of vested interest in how choices are made in the expenditure of public funds.

It is often argued that many functions that governments perform or have performed are better suited to the private sector. Thus, we have seen increasing privatisation in one form or another and observable reductions in the size of many western countries' public sectors since the late 1980s.

Self-Assessment Activity 2.6

Use the third column of Table 2.1 to add your own examples.

Table 2.1: Causes and functions of government activity

Cause/Function	Explanation	Your examples
BASIC FUNCTIONS OF GOVERNMENT	These are functions that governments are expected to fulfil in typical Western capitalist democracies.	
Providing economic infrastructure	Governments provide basic institutions, rules and arrangements, or the lubrication that allows a system to function; e.g., protection of property rights, enforcement of contracts, provision of currency, etc.	
Provision of various collective goods and services	These are the public goods that are beneficial for society such as the currency, education, health, clean water, and sewerage.	
Resolution and adjustment of conflicts	Inevitably, human disputes mean that governments have for thousands of years pursued systems of law, rules and regulations, industrial relations, etc. to resolve disputes between individuals, groups, and institutions.	
Maintenance of competition	As market mechanisms are not always perfect, governments step in to try to maximise the operation of competition in the market.	
Protection of natural resources	This relates to protection against depletion of natural resources, including the environment in general. Some governments choose to take little or no action in this regard.	
Provision for minimum access by individuals to goods and services	This relates to issues such as poverty, unemployment, malnutrition and health but also old age, illiteracy, language barriers, etc.	
Stabilisation of the economy	The government is regarded as being responsible for this as the well-being of all depends on it.	
CAUSES OF GOVERNMENT INVOLVEMENT	Many or most of these relate to market failure. That is, when the market cannot or will not do it, government does.	
Public goods	Goods which benefit all users, whether or not they have directly paid for them, such as public parks, clean air, and national defence. Access cannot be denied to non-payers—the goods are 'non-excludable'. While there can be arguments for the user	

Cause/Function	Explanation	Your examples
	paying, such as for bridge tolls, etc., this is not always feasible. Includes **merit goods**—goods that are desirable for the benefit of all of society, such as education and health care.	
Externalities	This is the provision of regulations or services to counteract the effects of market transactions on third parties or spillover effects from others' activities. For instance, providing public transport prevents traffic congestion. Street cleaning or air pollution regulations also address externalities.	
Natural monopoly	A natural monopoly exists when declining marginal costs for the provision of goods such as water or electricity mean it is cheaper, especially once a distribution network is in place, for a single supplier to operate; competition between suppliers could lead to exploitation of consumers.	
Imperfect information	Also termed 'asymmetric information', this means that the market mechanism does not provide good or 'perfect' information to consumers and the public sector intervenes to ensure this information is provided. Packaging information for consumer protection is an example.	

Source: Derived from Hughes 1998,. pp. 84-104

Case Comments – Cases are to be found in your Case Studies Booklet

Case 4: Two government objectives being pursued in this case are the maintenance of competition through deregulation and the resolution of conflict—through court decisions. Note that a natural monopoly is a cause for government involvement, so there is some pressure against deregulation. There are contradictions at work: the ideologically driven tendency to maximise cost efficiencies, diversity, and innovation, and the desire to protect consumers against the negative effects of such competition. Cross-subsidies and direct subsidies are ways of doing this (p. 72).

Case 5: Externalities are evident here in tragic and unintended spillover effects from the activities of Union Carbide.The Indian government was compelled to step in and deal with the situation in various ways for a number of reasons, including dealing with the effects of the externalities (medical and other problems) and resolution of the conflict.

The US government also reacted to the potential threats the accident might have had in its own chemical plants and the consequences of American companies operating overseas.

Case 11: In this case the provision of the toilet facilities appears to represent direct government provision of minimum facilities to ensure basic services for all members of the population.

Case 12: In this case the government aims to provide everybody in the country with at least minimal access to housing as goods of the economy. It also provides some basic rules and regulations to set up a suitable infrastructure to encourage the building of housing, such as formal rules about the structure and legal status of housing organisations. It tries to rectify some conflicts and failings in the market operation of housing—by encouraging municipal authorities to make land and services available for new housing projects, for example, as part of the new Liberal government's pledges in 1986 (p. 170). The state bodies are also shown to have 'turned their attention towards regulating and controlling it'—that is, the informal housing sector which was responsible for poor housing lacking basic amenities (p. 163).

2.4 Types of Policy Instruments

In the previous section we looked at why governments develop policy. Here we examine the ways in which policy is achieved, a vital component of understanding public policy. An array of instruments explain the way in which policy is effected and/or delivered. To some extent which instrument is most applicable depends on the nature of the issue or problem that is being dealt with.

Self-Assessment Activity 2.7

Think of a policy with which you are familiar. Who is involved with it? What powers and values might these people have? Also consider how much control the assumed policy-makers—institutions of government such as politicians and public servants—have and how much of the fine detail of policy is left in the hands of others, such as grant recipients, agents, etc.

The key instruments that governments use to implement policy are explored in Table 2.2 below.

Table 2.2: Instruments of government activity

Cause/Function	Explanation	Your examples
Instruments of Government	The way government acts, or the mechanism used when government action is justified	
Government Provision	Especially relevant when the private sector does not provide the goods and services in question (See Subsidy below.).	

• Allocation • Distribution • Stabilisation	Specific granting of funds (from tax revenues) to particular programs or functions Attempts to redress perceived inequalities in wealth and income, such as transfer payments, unemployment benefits, or tax benefits Efforts to improve the economy through budgetary policy, such as balancing deficits and surpluses through policies such as taxation, interest rate control, etc.	
Subsidy	Specific grants to the private sector to encourage particular activities, such as industry or farming grants. While similar to 'government provision' above, what distinguishes subsidy is that **assistance** is provided for the manufacture or provision of private sector goods and services that might have been produced anyway.	
Production	Production of actual goods or services such as electricity and water which are user-charged in some way. You will note that this can be used in conjunction with subsidy, such as pensioners getting lower electrical rates.	
Regulation	Usually laws or regulations to affect economy or justice in some way, sucn as punishment for non-compliance, prohibition of activities, etc.	

Source: Derived from Hughes 1998, pp. 84-104

Case Comments– Cases are to be found in your Case Studies Booklet

Case 2: It is arguable whether the policy instrument was ultimately to be called provision (of the educational service), distribution, subsidy (in terms of the discount for early payers), or delayed payment (for low-income earners). It did become law, but sometimes policies do not fit clearly into one category or another.

Case 4: There is evidence of cross-subsidies and direct subsidies being used in this case to protect the consumer during the transition to deregulated telecommunications (p. 72). At the same time there is concern demonstrated to regulate that subsidisation (along with other aspects of telecommunications) so that only those who were intended to benefit would do so. This reveals an element of regard for equity in the policy area.

Case 5: More concerted efforts at regulation in relation to chemical control and disaster management emerged for US companies after this disaster particularly, regarding 'right-to-know' legislation for employees of such companies (p. 94). The important question about policy is asked on page 92:—'Can these kinds of incidents be prevented by stricter enforcement of existing regulations, new regulations to impose more controls on

business, or more legislation that would plug supposed loopholes in existing laws and regulations?'

Case 12: The government is doing, or has done, much to regulate and subsidise housing. There seems to be less evidence of direct allocation of funds, though there has been some over the years. For example, between 1928 and 1950 government was responsible for 3,500 houses, compared to 57,000 built by the private sector (p. 164). Regulation varies. Setting up the framework for community organisations in 1958 is an example. (p. 165). The extent of subsidisation varies as well, but there is much evidence of the government providing funds to private sector firms or community organisations (although there is some comment that subsidies were limited to a few selected organizations) (p. 168).

Self-Assessment Activity 2.8

Add your own examples to the third column of Table 2.2.

2.5 The Policy Cycle

2.5.1 Introduction

A fundamental approach to studying public policy is to break down the policy process into a series of steps using the cyclical model. Various theorists have developed models based on its underlying assumption that policy-making is a sequential process. The steps occur in a cycle and recur (so the model is also 'recursive'). Whether these stages are distinct or even sequential is a matter of dispute.

The model is a tool to assist in understanding the policy process. It is a framework or a theory, but one which has flaws when applied to real situations. Some of these should become apparent as the whole policy-making process is examined throughout this block, and as its aspects are covered in other blocks.

The stages are variously presented but usually comprise the following:

- formulation
- implementation
- evaluation
- reformulation

A broader picture would include:

- policy initiation/agenda-setting
- appraisal
- formulation
- implementation
- evaluation

- policy continuation/termination/reformulation/succession/
- Learning

Self-Assessment Activity 2.9

Think about policies which are currently being given media coverage. Is there a distinct formulation stage or are the policies existing policies which are being adjusted?

The model is usually represented as a cyclical process as Figure 2.2 indicates:

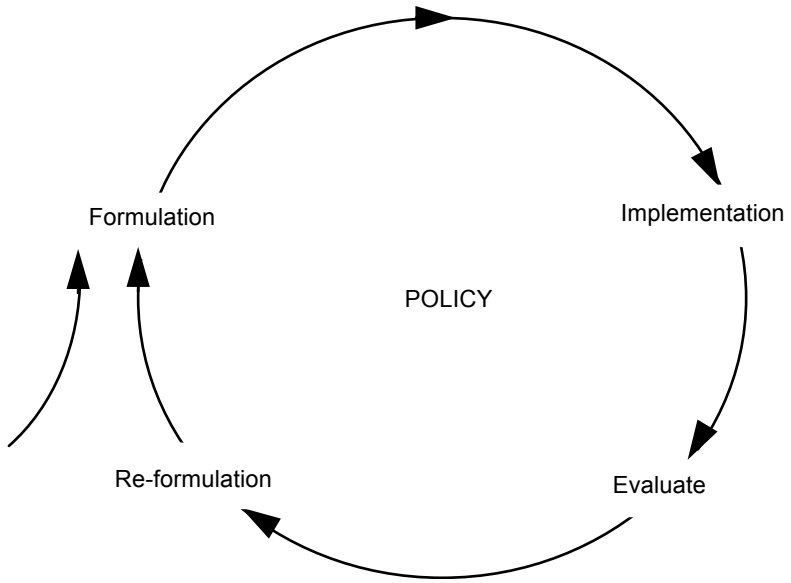


Figure 2.2: A sequential model of policy-making

Source: Pollitt, ed. 1979, p. 10

It is sometimes asserted that policy is formulated by the elected representatives of the people (politicians) and implemented or carried out by public servants. (This administration/ politics dichotomy will be discussed in Block 4). Finally, it is usually believed that some form of evaluation, no matter how limited or implicit, occurs before policy is revised and reformulated.

Another point of view simply accepts that the generic cyclical model represents an ideal which cannot possibly occur in reality. The model is considered a useful tool for identifying parts of the policy-making process. Despite its limitations and weaknesses, the model is seen as a convenient basis for the exploration of how policy is made and carried out.

Later in this block, we will discuss each stage of the cyclical model. You may come to appreciate that policy continues to change throughout its cycle, and so the stages are not easily separated. Also, people, their values and power, and the predominant system or theory of the state can have relevance to these stages or how they are perceived.

Case Comments– Cases are to be found in your Case Studies Booklet

Case 5: Information is limited in this case in relation to the policy cycle, but it does appear that once the issue was put on the policy agenda there were some reactions which could be construed as formulation, with implementation pending.

Case 7: There are some very cogent objections to the cyclical approach to studying policy-making, which the authors also label the 'phase theoretic' perspective (p. 122).

Case 11: This case offers an opportunity to observe some stages of the policy cycle. In this case, we could say that the case begins at the evaluation stage where the participants (SPARC) evaluate the existing policy as it is being implemented. Their evaluation and pressure actions with the municipal authorities lead to a reformulation of policy which is again implemented and presumably may be reevaluated and reformulated

Case 12: This case is an historic one over a long period. Perhaps focusing on a particular policy change, at a particular time, might have revealed a more evident policy cycle going on. Instead, the case seems to illustrate that policy is very complex, multi-faceted, constantly changing and responsive to change. You will be able to make some of your own judgements and there will be more comments in the subsequent sections in this block.

2.5.2 The Policy Agenda

Each government is faced continuously with a series of demands. There are pressures on it to deal with many problems relating to areas as diverse as the economy, education, housing, public morals, international relations, and agriculture. The issues range from the general, such as protectionism versus a free trading environment, to the specific, such as the details of how live sheep may be exported, or what information must go onto food packaging.

Some of the many demands placed on governments are responded to; some are ignored or neglected. Some demands may be seen as less important, or not important at all. Others may elicit immediate response.

The notion of non-decision-making is one to explain why some issues don't get heard. Non-decision-making is a means of preventing issues from entering the political process altogether. There is considerable debate over the issue of non-decision-making. Some viewpoints are:

- It is impossible to study what does not occur.
- Non-decision-making is actually decision-making—there are powers that are actively suppressing issues from being discussed or heard.

(Ham and Hill 1984, p. 65)

It is apparent that there is considerable arbitrariness in policy initiation, based on the factors listed. If one is interested in improving the policy process, it is necessary to examine why some things discussed, while others are ignored. Why is environmentalism

now an issue when it was not in past years? What changed it from being an issue only a few were concerned with for many years to an issue of broad interest.

Hogwood and Gunn (1984, pp. 68-69) point out that there has been considerable research on agenda-setting in many areas but that there are still closed fields such as defence and science policy. They discuss and examine the validity of some strategies for undertaking an active search for issues (rather than relying on issues to emerge).

Some of the strategies are:

- Anticipating problems and opportunities despite the fact that there are time, technical and knowledge constraints.
- Identifing problems even where there are only weak signals. Such identification will help prepare for future problems. Even limited knowledge will not preclude fuller investigation later.
- Rectifing unequal access to the policy agenda. The authors describe this recommendation as a 'political minefield'. Rectification of such inequality of access may depend on your perception of that inequality. The solution offered by a Marxist would be different from that offered by a pluralist.

(Hogwood and Gunn 1984, pp. 69-72)

The problems resulting from an active search for issues would include analytical and political overload. The number of conflicting values and goals of various parties and the sheer amount of data and information to be analysed would be prohibitive. (Hogwood and Gunn 1984, p. 72)

Thus the policy agenda includes what governments have decided is important or worthy of consideration or action—those policies being considered or implemented. But the policy agenda also includes policies that are being pressed for by pressure groups, public opinion, the media, and others. So it incorporates all the issues being debated within the country and the media.

Hogwood and Gunn (1984, p. 67) classify agenda items as:

- annually recurring, such as budget-related items
- less regular but cyclically recurring, such as the demands for incomes policy
- apparently new items which, in turn, become recurring or quietly disappear

Political power is very important in any discussion of policy agendas and is probably the major determinant of agendas. Items can enter the policy agenda for purely political reasons. If people or groups have political power they are often motivated to use it. Power is more extensively discussed in Block 4.

Self-Assessment Activity 2.10

Can you think of any issues which have failed to make it onto the policy-making agenda? Why didn't they?

Does the notion of non-decision-making help to explain this? How?

Think of examples of policies. How and why did they get onto the policy agenda?

Specific factors that may influence the policy agenda are discussed below. Some aspects of these factors will be discussed later, such as in Block 5, when the influence of groups and networks will be discussed, and in Block 4, when the role of the permanent executive will be discussed.

Ideology: This relates to political beliefs and values. The ideologies of political parties help to govern their policy thrusts. Every political party has ideological beliefs. These may be very pragmatic or very idealistic. In many Western countries differences between some political parties are becoming somewhat blurred. Even non-action on a policy demand can reaffirm a certain ideology or belief. Factions within parties also have ideological differences and can negotiate, often in fairly obvious power plays, for consideration of their ideas. Sometimes personalities can be influential. The transformation of British public policy is the 1980s is largely attributed to the ideology of Margaret Thatcher and the Conservative party.

Pressure groups: These can have a strong impact on policy depending on their relative power bases and the interest they raise if they can draw the public's attention to their ideas. Although they did not win, an extensive Australian pilot strike in late 1989 indicated that some industrial (worker) unions could bring the country to a relative standstill to get their point of view across. Other unions have little impact because their members are not involved in such vital services. Other groups such as opponents of abortion, gays, 'Greens', etc. may have to rely on protest marches or rallies.

Elections/public opinion: These determine who wins power. Presumably citizens vote for the party that best reflects their point of view; a number of issues are usually highlighted at each election. This is limited, however, as many issues do not come to the fore. There are also some issues which are politically avoided. Few governments would make a decision to bring back capital punishment once it was abolished (although the issue often reaches the policy agenda in terms of media discussion when an unpleasant crime occurs). Politicians do look to public opinion to avoid losing elections or popularity.

Crises: Issues to which governments must respond often emerge on a regional, national or even global level. Natural disasters, such as cyclones and floods, extreme acts of violence, or issues such as AIDS and problems with the ozone layer fit into this category.

Changing conditions: There are sometimes technical developments, social events, or other occurrences which cause adaptation of policy or the introduction of new policies. Advances in medical technology have led to the need for laws to guide decisions about surrogate motherhood, custody, and *in vitro* fertilisation. Sometimes a government responds to another country's changed circumstances by introducing or altering policy. Changing circumstances in countries such as South Africa and Indonesia have led to changed policy in other countries in response.

Culture and religion: These influence the sort of policy items which will be in force or will be given consideration. For example, equal opportunity policies are not likely to be given the same interpretation or value in some countries as in others. The cultural belief in the US that anyone can become rich through hard work may lead to policies which emphasise free market activity as opposed to government intervention.

Inertia: This occurs where policy issues are not considered or policy remains unchanged because no-one has the time or energy to examine it. In this sense, policy is constantly being determined, as remaining unchanged can itself be deemed to represent a policy decision.

Civil or public servants: Civil servants unavoidably influence the policy agenda when they are advising ministers about various issues. The strength of this influence may depend on many factors. The rationale for new policy items may relate to departmental process or efficiency rather than the public good. A separate matter is that as implementers of policy, public servants may be able to identify problems with policies that are in effect.

Identification of problem areas from problem evaluation: Some problems may emerge as a result of investigation into another policy area. For instance, investigation in schools into why children are slow learners might reveal that they are disadvantaged in their home accommodation or family support.

Hogwood and Gunn (1984, p. 68) add the following:

Particularity: If an issue has achieved particularity, its effects highlight a much larger problem. For example, the problem of acid rain highlights problems with atmospheric pollution, increasing rates of cancer diagnosis highlight poor lifestyle issues and growing health costs.

Emotive aspects: An issue may have an emotive or human interest angle which helps draw attention to it, such as the incidence of children affected by the drug Thalidomide, or the use of child labour.

Wide impact: An issue which is likely to have a wide impact on citizens may find itself on the agenda. It if is likely to affect their financial situation, or relates to a health scare, reaction is likely.

Power and legitimacy: If an issue raises questions about power and legitimacy there is likely to be considerable debate. Some examples are unionism rights, ownership of electricity, and land rights.

Fashion: Some issues are fashionable due to many of the factors above. Many people consider the current focus on environmentalism merely fashionable. Other examples are free trade, multiculturalism, and transparency in government. Whether fashionable issues have intrinsic merit is a matter of opinion.

Case Comments– Cases are to be found in your Case Studies Booklet

Case 2: The stimulus for the radical policy change in this case seems to have been both ideological—a belief in the user-pay model—and changing conditions. Regarding the latter, there were increasing numbers of students going through university or wishing to do so and insufficient funds to support them and/or to increase quotas (p. 26). These two factors were the main drivers for getting the item on the agenda, though it is important to remember that it was put there by a minister in the political executive (cabinet).

Case 5: A crisis was the very obvious cause for precautions, regulations, inspections and warnings relating to chemical plants, as well as disaster management strategies being put in place. Note on page 94 the comment, 'the Bhopal tragedy gave a boost to efforts involving chemical disclosure laws'. (Note, though, that this pertains to American law.)

Case 8: The building of the dam emerged from a history of belief in dam-building as a technical solution to agricultural and other problems. More obvious in the case was the potential for 'something radical' to be 'unleashed' (p. 142) if people were treated as expendable and excluded from the resource base because of the dam construction. If the predicted devastation to land and people's lives happened and continued to happen (in other cases), there was the possibility of a major revolt.

Case 10: At a couple of times tragedies—children dying—seemed set to put the issue back on the agenda for review but this does not seem to have occurred. Instead pressure from the community and its representative groups brought about action. In 1982, the Nivara Hakk applied pressure to win a conditional reprieve (p. 153) and again in 1985. In 1985 an attempt by the former residents to reoccupy the land occurred and was given much media attention. This led to a concession by the municipalitythat all those who were on the site before 1980 could qualify for re-housing. (pp. 154-156).

Case 11: The revision of municipal policies—where that has been achieved—appears to have resulted from the work of pressure groups, such as SPARC, Mahila Milan, and NSDF. These groups were concerned with unsatisfactory living conditions. Without their intervention much more time might have passed before a crisis stimulated action. One can imagine how an epidemic might have led to a solution such as better sanitation, clearing the slums, etc.

Case 12: A range of examples might be sought in the case, depending upon the particular stage over time. Early on in the case, changing circumstances relating to urbanisation and industrialisation are causing a need for housing policy in the cities. Changes of government mean that elections and public opinion are sometimes causing change, or putting some new demand or solution onto the policy agenda. As housing groups became more developed and mature, and particularly when they formed alliances, their capacity for applying pressure (as pressure or other socially influential groups) increased (pp. 169-171). It is also likely that housing is always on the policy agenda because it has such a wide impact on the society

Self-Assessment Activity 2.11

Identify some of the key issues currently being considered as public policy. What new items have emerged which were not previously considered by governments?

What policy agenda items have emerged recently as a result of the analysis of existing policies?

2.5.3 Policy Appraisal

Policy appraisal and evaluation are essentially the same thing, but their placement in the policy cycle determines how they are classified. For our purposes, we can distinguish appraisal and evaluation as follows. Appraisal occurs when potential policies are being assessed; evaluation occurs when existing policies are being assessed. This issue will be developed further below.

There are various methods available to approach the tasks of **appraisal** and **evaluation**; most tend to imply that the process can be rational and value-free. None are, however, so all have considerable limitations.The assumption that whatever model one is using is value-free can itself build hidden values into a purportedly objective process.

There is often a demand for thorough appraisal to occur before policy is finalized, continued, or modified.

The terms 'appraisal' and 'evaluation' are often used interchangeably. Both refer to some sort of assessment of a policy or proposed policy. In this block a distinction between them will be adopted with which not all the literature agrees. The distinction is useful for identifying assessment as occurring at more than one stage of the policy-making process.

Policy appraisal is the process of considering the feasibility of policy proposals, presumably **before** a final decision is made. Such appraisals are more likely to correlate to more 'rational' approaches to policy-making. In the terminology of the cyclical or process model, evaluation occurs **after** implementation of a policy.

Carley seeks to clarify this confusion between 'the past and the future in policy analysis'.

> Ex ante *analysis is concerned with the future and involves the prediction of the consequences of various proposed courses of action on the basis of some model of the process involved. This means visualising alternative states of the world and then comparing these alternative futures in terms of established criteria. [This is] sometimes termed anticipatory research in that it provides information to decision makers before particular actions take place.* Ex post *analysis, on the other hand, is a check on what did happen—examination and measurement of the actual consequences of some programme or policy.* Ex post *analysis provides evidence on which to base decisions about maintaining, institutionalising, or expanding successful programmes or modifying or abandoning unsuccessful ones, but not about predicting future effects.* (Carley 1980, p. 37)

Carley goes on to illustrate the placement of the various approaches to policy appraisal he discusses on a time dimension. (Figure 2.3).

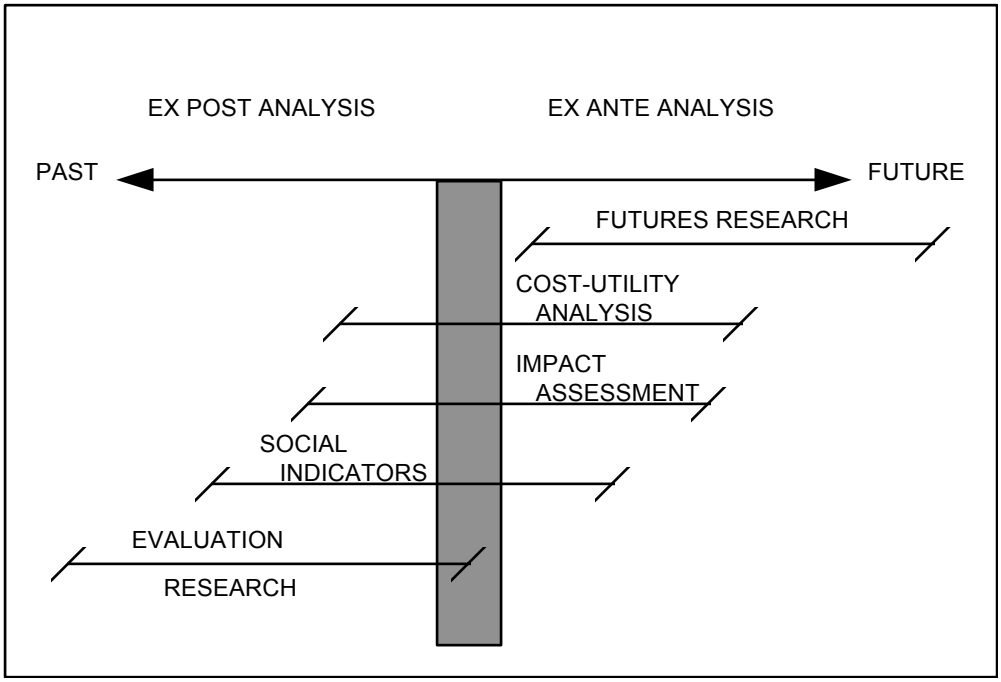


Figure 2.3: The time dimension in analysis

Source: Carley 1980, p. 39

Note that this placement may conflict with other views. In summary, the methods are:

- **Cost-utility analysis***:* This involves a variety of methods, including cost-benefit analysis, that help the decision-maker make rational choices amongst alternatives. Usually feasible alternatives are identified, predictions of outcomes are made for each, these outcomes are given values (typically monetary), and a choice is made amongst them.
- **Impact Assessment:** These methods have usually emerged in response to the heavy reliance on monetary valuation in cost-benefit methods. They focus on exploring the impact of various proposals. Environmental impact assessments and social impact assessments are examples.
- **Forecasting and futures research***:* These methods focus on linking forecasted social-psychological data with other types of data to establish models of reality about the future. They tend to rely on some notion of causality, establishing likely outcomes of existing situations, often in a complex systems arrangement.
- **Evaluation research***:* This method is typically about measuring the effects of a program against its objectives. The same method can also be used for appraisal. That is, it can be used in the case of replacing policy or adapting it.

- **Social indicator research:** These methods involve attempts to quantify some or many of the multi-dimensions of social welfare

(Carley 1980, pp. 49-62)

Self-Assessment Activity 2.12

To reinforce your understanding, briefly explain the difference between appraisal and evaluation.

All approaches have limitations. However, it can be suggested that some method of appraisal and attempt to rationalise decision-making is desirable. You will need to develop your own opinions about the validity of the various approaches. You may be able to recall examples of their application in government policies, past or current. For instance, environmental impact studies for major developments such as airports often raise considerable interest.

Self-Assessment Activity 2.13

Think about some policy issues that are currently being discussed or considered in your country. Are any of these methods of appraisal or evaluation being applied?

How rational are the methods of policy appraisal and evaluation? Who is gathering the data and providing the information for the analysis? Who is setting up the parameters by which the policy is assessed? What are the goals and values of these participants and how neutral can they be?

Case Comments– Cases are to be found in your Case Studies Booklet

Case 2: There is evidence of a lot of appraisal in the case, involving research on overseas cases (p. 38), on the earlier policy (HEAC), and 600 submissions for the Green Paper, although Gregory seems to think the committee did most of its own thinking—'we were a bit of a backroom committee'. (p. 43).

Case 7: It is suggested that problems with goal definition arise from lack of appropriate data collection and lack of understanding of social and cultural conditions (p. 122). This seems to suggest that policy-makers might need to include in their appraisals a scan of social and cultural conditions, amongst other things.

Case 8: There is not much evidence of appraisal or evaluation in this case, but some mention is made of protesters demanding information and publishing facts in relation to estimates of water flows, inflated irrigation expectations, lack of land for re-settlement, and spiralling costs (p. 143). There is also mention of 'so much evidence' having been compiled (p. 143) and provided to the Supreme Court (p. 141). It also appears that the Gujarat Government was waiting for rehabilitation and environmental reports before it could raise the dam beyond 90 metres (p. 143).

Case 11: The members of SPARC conduct appraisals of some sort through the collection of data about toilet provision. Such data can be convincing in negotiation with local councils. Note their data on Bombay on page 27 mention 3000 toilets, many inoperable, for 20,000 people.

Case 12: This case does not explicitly reveal how extensive any policy appraisal has been over the decades discussed. It is apparent, however, that policy appraisal methods could be applied to the situations discussed because there is sufficient evidence of data being kept, for example on the number of houses being constructed and by which group and sector, over the years. This data is used both to evaluate existing policy and to appraise the situation so that new policy can be developed. The distinctions between policy appraisal and policy evaluation are thus less clearly demarcated than has been outlined in this block. Most assessment appears to be *ex post* but since decisions and changes to policy follow one after another, some is probably also *ex ante*. Thus, policy appraisal is occurring, though it might easily be identified as policy evaluation as well.

2.5.4 Policy Formulation

We will say little about this stage of policy-making at this time, for the simple reason that policy formulation is the most obvious and essential part of policy-making. It is the stage at which decisions are clearly made, or at least expected to be made, and the stage where policy is deliberately shaped. Block 6 will present some models of decision-making that embrace this stage. Blocks 3, 4 and 5 will also give some clues as to the particular processes of formulation. For example, we will consider the roles of the executive and legislature in policy formulation, and also of public groups in contributing to policy decisions.

2.5.5 Policy Implementation

This topic focuses on the implementation stage described by the cyclical model. At this stage, formulated policy is put into operation. The ways in which policy implementation may be analysed and the likely success of implementation are examined.

Most of the focus of policy-making literature has been on policy formulation. Since the 1970s much more has been written about implementation; two main approaches to the study of implementation have emerged. These are the top-down, **'forward planning'** approach and the bottom-up, **'backward mapping'** approach. The two represent methodologies to analyse policy as it is implemented rather than to prescribe how to implement policy. They will be discussed shortly.

Implementation is the stage of the cyclical model in which policy is carried out or executed. It is the translation of stated policy into action. The cyclical model assumes that implementation is a discrete stage that occurs after policy formulation. Once the policy has been enunciated, public servants are charged with the duty to administer and execute the policy. The approaches shown below highlight limitations to this viewpoint.

The Top-Down Approach

Much of what is committed to in formal policy statements is not achieved. Top-down implementation approaches focus on why this is so. They highlight the obstacles which occur to cause an 'implementation gap'—how much policy as implemented fails to comply with its stated goals. Obstacles include such factors as:

- failure to provide adequate resources
- failure to obtain approval for the policy (i.e., clearance or legitimation by the public)
- failure to predict and accommodate the coordination amongst the various individuals and organisations involved in executing the policy
- failure to adequately consider who is responsible for implementation
- failure to set priorities for the policy (i.e., which factors are the most important)
- a change in government.

(Howe 1983, pp. 120-128; McMaster 1979, pp. 107-121)

As such there is a process of 'implementation analysis'. McMaster (1979) defines this as:

> *[A]n analysis of the bureaucratic, institutional and human factors which can contribute to the achievement or non-achievement of policy/program objectives.* (p. 107)

McMaster also cites Williams' (1971) definition:

> *In its most central form, an inquiry about implementation seeks to determine whether an organization can bring together men and materials as a cohesive organizational block and motivate them in such as way as to carry out organizations' stated objective'. (p. 144)*

Thus, the top-down approach seeks to identify obstacles preventing policy, once implemented, from meeting its stated objectives, and seeks to remove those obstacles.

The Bottom-Up Approach

This approach recognises that policy-making does not stop at the formulation stage but continues on throughout the implementation stage. Indeed, sometimes the distinctions between the two are too tenuous to draw.

The bottom-up approach is not based on the cyclical model. Instead, it represents the policy process as a **policy-action continuum** on which a process of negotiation, bargaining, and interaction takes place over time (see Figure 2.4).

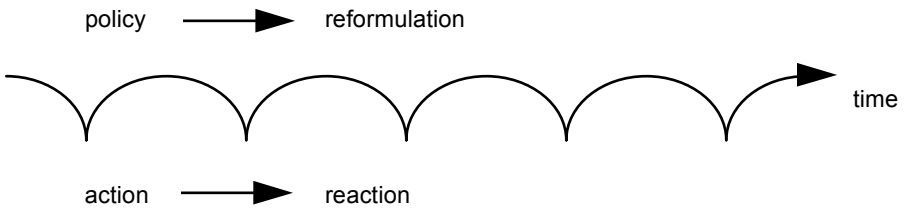


Figure 2.4: The policy-action continuum

Source: Barrett and Fudge1981, p. 25.

A policy is modified as it is implemented, so that it is not possible to identify when formulation ends and implementation begins. It is never clear whether policy is influencing action or action is influencing policy. There are many actors involved, and their interests and circumstances change over time. Proponents of bottom-up methodology do not expect policy to meet predetermined goals. They simply analyse policy in terms of the way in which it performs, regardless of whether it complies with pre-set goals.

Self-Assessment Activity 2.14

Which methodology do you think is most appropriate? Is a combination of methodologies more suitable? Can you think of instances when one or other approach clearly applied?

Implementation is a complicated process involving a complex network of participants .It has no discrete place in the policy process. Various approaches to implementation study tend to highlight these complexities. In so doing, they illustrate that a limited focus on implementation is unlikely to improve the process. The implementation stage cannot be easily controlled, and policy is unlikely to be implemented exactly as formulated.

The following criteria provided by Lewis and Wallace (1984, pp. 212-213) provide some measures for judging the success of implementation. Although they tend to be more aligned to the top-down approach, the criteria do have some general value. In their analysis, Lewis and Wallace find each has shortcomings.

The possible criteria for judging policy implementation success are:

- the policy has been carried out exactly, and without any variation
- the policy has achieved its objectives
- the implementation of the policy has resulted in the best possible outcome
- the implementation of the policy has produced the best outcome for the organisation(s) responsible for the policy and/or its implementation
- implementation has not been accompanied by undesirable and unexpected side-effects
- the measures taken to implement the policy have been appropriately designed and are cost-effective

- implementation has met with general public assent
- implementation has satisfied the expectations aroused by the policy

Self-Assessment Activity 2.15

Try to apply the different approaches to policy implementation analysis to policies that are currently in operation in Australia.

Case Comments– Cases are to be found in your Case Studies Booklet

Case 2: While the policy might have taken some work to develop, implementation was relatively simple once the policy was acceptable to those who needed to implement it—the Australian Tax Office. Not mentioned in the case is the wider impact of implementation as universities themselves must keep records and provide them to the Tax Office in order to know what debts are being incurred by students.

Case 5: There were some policies and programs in place in India for factory and worker safety but the fact that there were only 15 inspectors checking on how worker safety was being ensured in the state of Madhya Pradesh suggests that these programs were not being effectively implemented (pp. 94-95).

Case 7: There is some support, not explicitly stated, for the policy-action continuum in this case when the authors suggest adaptation to changing conditions and circumstances (such as covert political agendas and changing cultural environments). The entire case is about implementation and it questions in very clever ways the notions of implementation discussed above.

Case 9: There is an implementation gap demonstrated in the general mode of aid in the 1970s, when much of the aid that was expected to solve poverty problems went elsewhere instead (p. 146). Implementation in more recent times, if one considers the broad acceptance of foreign aid, occurs through NGOs (p. 147).

Case 11: The initial attempts at the provision of toilets to informal settlements seem beset with problems. A chief cause appears to be a failure to understand how the toilets would function with the existing infrastructure. Further investigation by the community groups revealed that providing toilets was a 'quick-fix' solution but one unlikely to succeed unless sufficient numbers were supplied to prevent problems and waste disposal was taken care of. Perhaps the decision-makers—local councillors and their employed staff—were unable to see all aspects of the problem and to design solutions that could be effectively implemented. When the new policies suggested by the community were put in place the community members became partners in the implementation of the policy. Initially they were expected to take part by being 'forced to keep things clean' (p. 159). Later, under more realistic circumstances, they were involved in implementation through taking on 'construction, maintenance and management of toilets' (p. 160).

Case 12: While there is not much discussion about public servants formally implementing policy, there is a lot of implementation occurring. There is evidence that there are gaps in implementation, where too little was achieved from a policy—note the

'flouting' of new regulations in 1982 when the government 'decreed that 25 percent of all investment placed by private financial institutions should be in low-cost housing' (p. 167). Failure to think through all the elements might be one cause. The 'policy-action continuum' seems to be very relevant to this case as there is a sixty-year history of action and reaction, constant adjustment, and introduction of various solutions to the housing problem.

2.5.6 Policy Evaluation

Much of the material relating to policy evaluation can be understood by revisiting the evaluation/appraisal concepts in section 2.5.3 (Policy Appraisal). Many of the same methods and techniques apply. It is sufficient here to revisit the notion of policy analysis from the point of view of evaluation and ex post analysis.

Self-Assessment Activity 2.16

Turn to Figure 2.3 and consider Carley's location of policy analysis methods as *ex ante* or *ex post*. Do you agree with his classification?

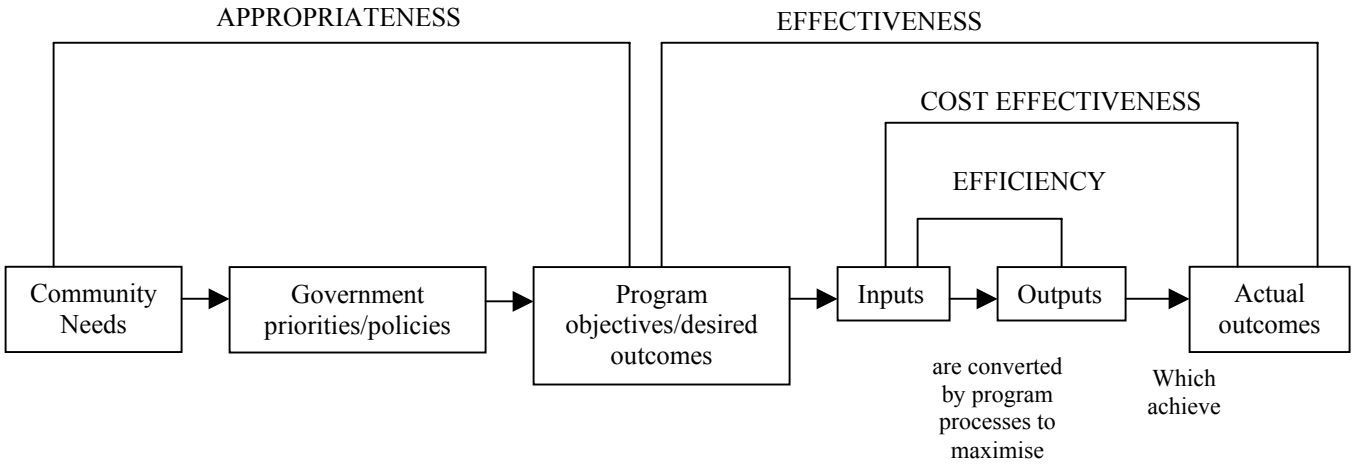
As with other issues, values, power, and the people holding sway are relevant to policy evaluation. While influence is clearly important at the policy appraisal and formulation stages, the same can be said for the policy evaluation stage. Policy evaluation often leads to policy change; for this reason it often precedes policy termination., reformulation, and succession.

Bridgman and Davis (1998) suggest the following forms of evaluation:

- **Appropriateness evaluation:** determining whether the program has been appropriate, often with an emphasis on whether it is the government that should be providing the program
- **Efficiency evaluation:** determining how well inputs are being used to gain a given output
- **Effectiveness evaluation:** determining whether the program is producing worthwhile results or meeting its stated objectives
- **Meta-evaluation:** assessing the process of evaluation itself (pp. 114-116)

These are illustrated in Figure 2.5 below.

Figure 2.5: Evaluation types



Source: P. Bridgman and G. Davis (1998), *Australian policy handbook,* 2nd edn, Allen & Unwin, Sydney, p. 115.

Case Comments– Cases are to be found in your Case Studies Booklet

Case 2: Evaluations of the HECS policy have been conducted and are discussed on pages 132-134.

Case 5: Evaluation after the Bhopal disaster certainly occurred, although it is notable that estimates of those injured and killed varied dramatically (see pages 302-303). It is also interesting to note the sources of the differing figures and to speculate about whether there might be vested interests—parties with a stake in the figures being higher or lower.

Case 7: There is quite a bit of information about a range of evaluation or policy appraisal activities occurring in this case on page 159 of the case study.

Case 9: Some key evaluative studies are referred to in this case, one indicating that income distribution has become more unequal despite a general growth in per capita output (p. 148. Also the South Asia Human Development Report attributes Bangladesh's low population growth to women's empowerment (p. 147). These are not comprehensive examples of evaluation but provide some evidence of the sort of analysis that can occur in a policy community.

Case 12: As with policy appraisal, there is not much in the written account of housing policy in Colombia to show that evaluation has occurred, although it may have. Perhaps more interesting would be to view the case itself as an evaluation and consider what

comments are being made. It appears to include commentary on the appropriateness of public/private sector action, as well as some evaluation of efficiency and effectiveness. There appears to be little, if any, meta-evaluation.

2.5.7 Policy Continuation

Policy succession, also know as termination or reformulation, is what may be considered the final stage of the cyclical model. After policy has been initiated, formulated, implemented, and evaluated, there is often a decision made about what to do next about the policy. It may be continued, terminated, or modified.

The quote from Carley (in section 2.5.3) about policy evaluation (*ex post*) indicates that evaluation is used to determine whether policy should be continued, abandoned or modified. Very often policies become redundant or there is pressure to change or modify them. Such a necessity can arise from a number of sources and relate either to specific policies or to a more general trend to reallocate or reduce expenditures. Thus some thought must be given to whether to continue with policies, adapt them, or simply to terminate them.

Several terms can be applied to this stage of policy-making. Policy can be reformulated or modified—'policy reformulation'—or it can be continued unchanged—'policy continuation'. The more general term, 'policy succession', covers these possibilities. More recently, the term, 'policy learning' has also been used. Policy can also be discontinued and the term 'policy termination' is used for this.

There is considerable argument to suggest that policy succession will become important as demands increase on government both to legislate in more areas and to cut back on expenditures. Governments may have to be far more selective about the number and types of policies they introduce and far more determined about drastically modifying or terminating policies which have little impact—those which may be inefficient or ineffective.

Despite the moves in relation to policy succession there are problems with ending programs. These problems include:

- intellectual reluctance
- lack of political incentives
- institutional permanence
- dynamic conservatism
- anti-termination coalitions
- legal obstacles
- high start-up costs
- adverse consequences
- procrastination and refusal

(Hogwood and Gunn 1984, pp. 246-248)

Case Comments– Cases are to be found in your Case Studies Booklet

Case 9: While this case does not refer to a particular aid program, it does give some useful information about the ways in which the philosophy and methodology of aid have changed in recent decades. These trends reveal changing aims, attitudes, and understandings about the aid and poverty problem. Especially note the account of the changes that occurred between the 1970s and 1990s on page 146.

Case 12: There a sixty-year history of policy succession in this case study, though it is interesting to note that old policies have not necessarily disappeared every time a new one has come in. For that reason, an overlay of various regulations, organisation types and so on remain to make the whole housing arena more complex; see, for example, the three types of housing organisations operating on pages 168-169. The earliest of these was set up in the 1930s but was still operating at the end of the case study in the 1980s. While one policy can replace another, in this case new policies can be seen to have added to the array of existing governmental interventions.

Self-Assessment Activity 2.17

Can you think of any policies that governments have terminated outright? What are they and why were they terminated? Did some other policy replace them immediately or later?

What policies are currently being considered for change by governments? Why have they been identified as needing change? Do the reasons relate to deficiencies in the policies themselves or to more general pressures on governments under tightening economic circumstances?

2.6 The Importance of Policy in a Modern Context

Public policy is an extensive area; it easily incorporates aspects of sociology, politics, economics, organisation theory, and other studies. Many of the readings associated with this course incorporate concepts from these areas.

While it is not easy to synthesise the vast array of information covered in this course, it is necessary for you to try to analyse any policy issue in terms of the policy process, the actors, their values and power, and the broader policy environment. The course assignments give you the opportunity to do this. When examining discrete components you should always keep the influence of the other components in mind.

Constant analysis of cases aids in this analysis. While you do not have to fit cases into one mould—that is, into one theory— you should utilise the theories to analyse cases. You should be prepared to find each theory useful or deficient in some way, or a mixture of both. Remember that theories, or models, are merely tools to help you to describe and

understand what is happening or to prescribe what should happen. They are not all compatible.

Self-Assessment Activity 2.18

What do you think is the best approach to studying public policy? Do you have any alternative suggestions?

What criticisms can you make about the cyclical model of decision-making presented in this subject? Remember, like all models, it has flaws and deficiencies.

2.6.1 'Good' Policy

What constitutes 'good' policy is highly subjective. One only needs to consider everyone with an interest in policy outcomes, and all their conflicting interests and values, to appreciate that the judgement of what good policy is may be somewhat arbitrary.

In analysing policy we can consider:

- the actual content and its relationship to policy objectives
- how it was implemented and how well it achieved these objectives

It is often espoused that policies need to be evaluated to ensure they are:

- effective—that they achieve the stated objectives
- efficient—that they use available resources to the maximum levels (i.e., that they help to ensure value for taxpayers' money)

In order to determine whether policy is effective and efficient some measures may need to be devised. These can relate both to policy appraisal (prior to implementation) and to evaluation (after implementation).

Such criteria may include:

- identification of target groups – whether they were reached
- identification of standards of success – which usually requires comparison of some sort, such as:
  - comparison over time
  - comparison with similar agencies
  - comparison with different agencies providing similar services (this is important for comparing publicly provided and privately provided services)
  - comparison against a theoretical framework

However, policy is not easily measured. It is often difficult to identify who the policy targets, or who in fact is affected by the policy. It may be difficult to isolate the consequences of a particular program. There may be conflicting or unclear objectives. There is significant difficulty to establishing objectives and quantifiable criteria and, of course, there are always different evaluators with different perspectives.

Such a focus on the quantifiable tends to disregard some of the other important roles which governments take on. Judging quality of life, equity, and social justice is not easily achieved through quantitative evaluation. While it is probably impossible to avoid examining policy content and difficult for us to remain totally unbiased about public policy, our focus in this subject is to examine the processes and participants of public policymaking to assess how policy emerges. Revisit the topic of policy terminology (covered earlier in this block) to consider the diversity of approaches that can be taken when public policy is being investigated. Some approaches ultimately lead to improved prescriptive approaches to policy-making and presumably better policy outcomes,while others concentrate on the actual content of policy.

Self-Assessment Activity 2.19

Can you think of any situations where measures have been devised to assess whether a policy is good or not?

While formulation, implementation, and reformulation have a place in developing and improving policy, evaluation, and appraisal are critical. It is also important to go far beyond process and look at the interactions occurring in the whole policy system. Some of the methods of analysing policy are also relevant, such as process advocacy. Refer to topic 2.2.3 for Hogwood and Gunn's explanations of process advocacy and policy advocacy.

Case Comments– Cases are to be found in your Case Studies Booklet

Case 9: The author tries to answer the question about 'good' policy when questioning what criteria should decide if overseas aid is good or not—'Is Bangladesh a better place than it would have been as a consequence of all the aid pumped into it?' (p. 148).

Case 12: What 'good'policy is amongst the various policies in the case is difficult to gauge. To some extent a reader's conclusions will depend upon political or ideological persuasion. For example, one might think the existence of successful self-build groups who exert political action is very desirable; others might feel an unregulated free market is the only way to solve such problems. Within the case there are some useful comparisons over time, and between various housing providers.

2.6.2 Managing Policy

The study of public policy is complex and draws on many areas of study. When studying and analysing public policy, always be aware of underlying assumptions and values, and question the validity of the models and theories being used.

Considine (1994, Ch. 10) brings together some of these complexities and suggests a structured policy innovation approach. Such an approach demands:

- *a systematic application of human ingenuity and democratic values*
- *a recognition of the key role of social conflict*
- *concerted negotiation among all those affected*
- *reorganisation of public and private resources, and*
- *reconsideration of the values which determine the allocation of those resources*

(p. 254)

Considine (1994) accompanies that request with two propositions:

1. *Policy innovation occurs when there is an institutional system for increasing cultural value.*

2. *This occurs through the expert networking of key social interests.*

(p. 255)

Case Comments – Cases are to be found in your Case Studies Booklet

Case 12: There is much in the case that indicates the existence of conflict, negotiation amongst groups, reorganisation of funds between the public and private sectors and the need to consider and accommodate a vast array of issues, problems, and interests. Managing the policy is multi-faceted, although it could be interesting to note that the housing groups themselves are adapting by forming a single Unified Housing Congress (p. 170). Key committees or agencies are sometimes indirectly able to help in the management of complex policy areas, although we will later consider the issue of how incorporation of one group leads inevitably to the exclusion of another (see section 5.2 and the comments on corporatism).

2.7 Block Summary

This block has established some of the basic concepts of public policy, including its definitions, objectives, and instruments, and the cyclical model we use to help understand its various stages. The cyclical model of policy was introduced and its stages were briefly discussed. Subsequent blocks in this course will build upon these concepts by exploring the systems, contexts, and people involved in policy-making.

Self-Assessment Activity 2.20

Having read to this point, has your expectation of the subject changed?

References

Anderson, J. E. 1990. *Public policy-making: An introduction.* Boston: Houghton Mifflin.

Barrett, S. and D. Fudge, eds. 1981. *Policy and action: Essays on the implementation of public policy.* London: Methuen.

Bridgman, P. and G. Davis. 1998. *Australian policy handbook. 2d ed.* Sydney: Allen & Unwin.

Carley, M. 1980. *Rational techniques in policy analysis.* Aldershot: Gower.

Considine, M. 1994. *Public policy: A critical approach.* Melbourne: Macmillan.

Ham, C. and M. Hill. 1984. *The policy process in the modern capitalist state.* Brighton: Wheatsheaf.

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Lewis, D. and H. Wallace, eds. 1984. *Policies into practice: National and international case studies in implementation*. London: Heinemann.

McMaster, J. C. 1979. Implementation analysis: An overview. In *New developments in public sector management: Conference papers and reports.* Canberra: Australian National University.

Pollitt, C., ed. 1979. *Public policy in theory and practice: A reader.* Sevenoaks: Hodder & Stoughton.

Turner, M. and D. Hulme. 1997. *Governance, administration and development: Making the state work.* London: Macmillan.

Further Reading

The following readings will offer insights into the ways in which we define policy and also the nature and scope of policy. Where relevant, specific parts of the reading, or its particular value, are mentioned. Note that some of these books have earlier or later editions which will usually fulfil the same purpose, though the chapter numbers may be different.

This is only an indication of possible readings, not a comprehensive list. You may find many other relevant sources for further reading.

Anderson, J. E. 1990. *Public policy-making: An introduction*. Boston: Houghton Mifflin.

Chapter 1 is particularly useful for its exploration of definitions and approaches to public policy-making.

Barrett, S. and D. Fudge, eds. 1981. *Policy and action: Essays on the implementation of public policy*. London: Methuen.

This book is valuable in establishing the idea that policy operates as a policy-action continuum.

Bridgman, P. and G. Davis. 1998. *Australian policy handbook*. 2d ed. Sydney: Allen & Unwin.

The entire book adopts a cyclical approach to policy-making, while chapter 1 sets up some definitions or approaches to policy-making. Chapter 6 deals with policy instruments.

Carley, M. 1980. *Rational techniques in policy analysis*. Aldershot: Gower.

Part 1 of this book identifies the policy analysis process and some of its potential weaknesses.

Colebatch, H. K. 1997. *Policy*. Buckingham: Open University Press.

The whole of this small book is valuable but Chapter 1 particularly explores the ways in which we define and understand policy.

Considine, M. 1994. *Public policy: A critical approach*. Melbourne: Macmillan.

Chapters 2 and 3 deal with the idea of classifying policy into policy systems, political economy and policy cultures.

Dye, T. R. 1992. *Understanding public policy*. 5th ed. Englewood Cliffs: Prentice-Hall.

Ham, C. and M. Hill. 1984. *The policy process in the modern capitalist state*. Brighton: Wheatsheaf.

Chapter 1 focuses on policy and policy analysis.

Hjern, B. and D. G. Porter. 1981. Implementation structures: A new block of administrative analysis. *Organisation Studies* 2 (3): 211-227.

This article is specifically about implementation.

Hill. M. 1993. The policy process: A reader. Hemel Hempstead: Harvester Wheatsheaf.

The three readings in Part I deal with policy and policy analysis while those in Part IV are particularly useful in exploring different approaches and issues with implementation.

Hogwood, B. W. and L. A. Gunn. 1984. *Policy analysis for the real world*. Oxford: Oxford University Press.

Chapters 1, 2 and 3 explore policy definition and analysis while the remainder of the book explores all the stages of the cyclical model in detail.

Howlett, M. and M. Ramesh. 1995. *Studying public policy: Policy cycles and policy subsystems*. Toronto: Oxford University Press.

Chapter 2 explains a range of approaches to public policy, and chapter 4 deals with policy instruments. The book in its entirety covers most aspects of the policy cycle.

Parsons, W. 1996. *Public policy: an introduction to the theory and practice of policy analysis*. Cheltenham: Edward Elgar.

Patton, C. V. and D. S. Sawicki. 1993. *Basic methods of policy analysis and planning*. 2d ed. New Jersey: Prentice Hall.

Percy-Smith, J., ed. 1996. *Needs assessment in public policy*. Buckingham: Open University Press.

Peters, B. G., ed. 1998. *Public policy instruments: Evaluating the tools of public administration*. Cheltenham: Edward Elgar.

This book deals with the instruments of public policy used by public or civil servants as they carry out policy for the government.

Pressman, J. and A. Wildavsky. 1984. *Implementation*. 3d ed. Berkeley: University of California Press.

This is an old but classic reference on implementation.

Sabatier, P. 1986. Top-Down and Bottom-Up Approaches to Implementation Research. *Journal of Public Policy* 6: 21-48.

This article covers the basics of the two implementation approaches mentioned in the title.

Stewart, R. G. 1999. *Public policy: strategy and accountability*. Melbourne: Macmillan.

Part II outlines what is involved in some of the stages of the cyclical model.

Turner, M. and D. Hulme. 1997. *Governance, administration and development*: Making the state work. London: Macmillan.

Commonwealth of Learning Executive MBA/MPA

SC1: Public Policy

Block 3

Policy-Making: Contextual Settings

Course Developer: Michele Fromholtz
Lecturer in Public Policy and Management
School of Management
Charles Sturt University
New South Wales, Australia

Course Editor: Mary-Ev Anderson
Vancouver, Canada

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The Commonwealth of Learning
1285 West Broadway
Suite 600
Vancouver, BC V6H 3X8
CANADA
e-mail: info@col.org

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Block Objectives

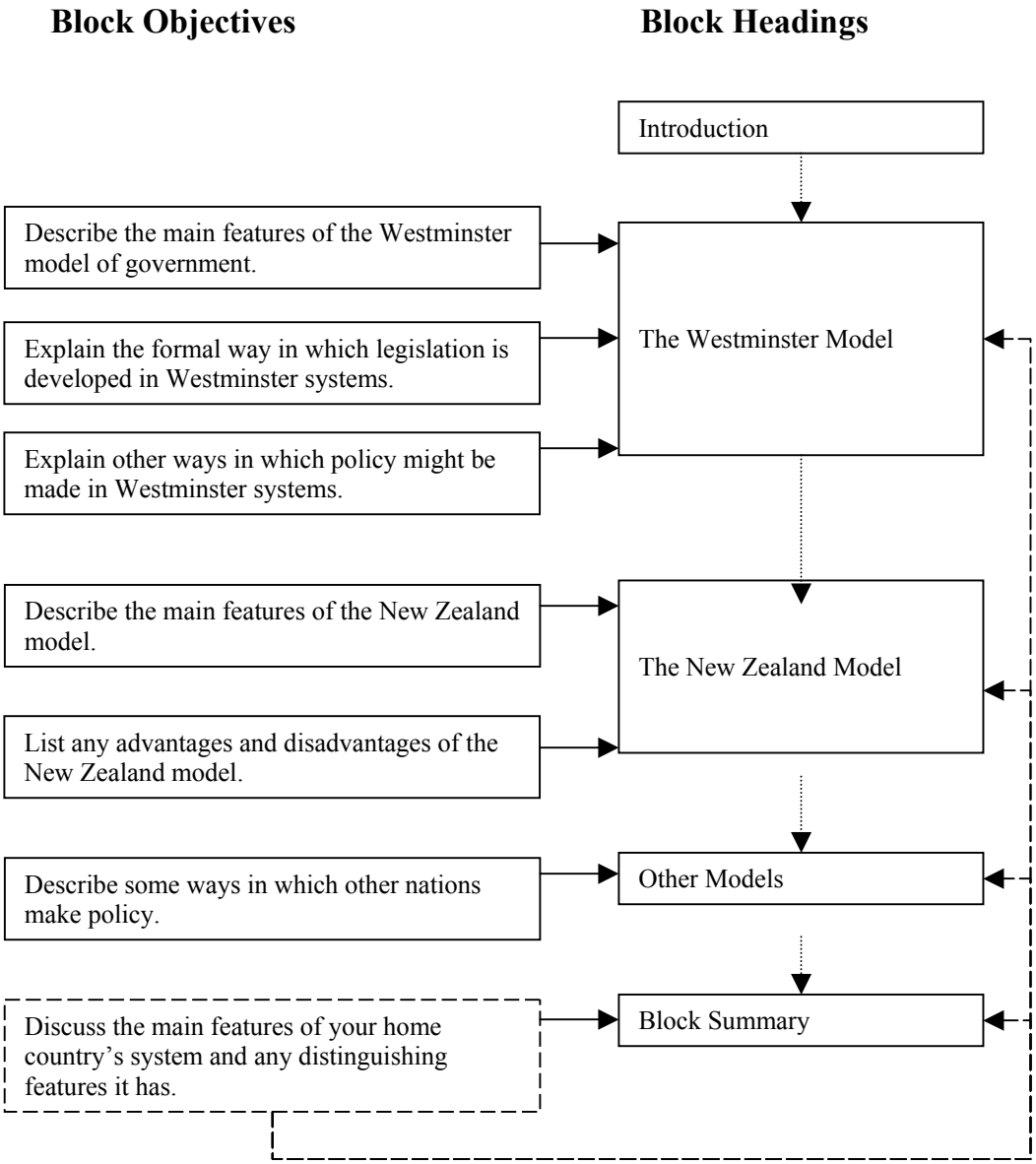
On completion of this block, you should be able to:

- Describe the main features of the Westminster model of government.
- Explain the formal way in which legislation is developed in Westminster systems.
- Explain other ways in which policy might be made in Westminster systems.
- Describe the main features of the New Zealand model.
- List any advantages and disadvantages of the New Zealand model.
- Describe some ways in which other nations make policy.
- Discuss the main features of your home country's system and any distinguishing features it has.

Focus Questions

- Do all governments make policy the same way?
- What main models of government are found in different countries?
- What difference does the structure of government make on the policy-making process?

Overview of Block 3:
Policy-Making: Contextual Settings



3.1 Introduction

Many people and institutions are involved in making public policy. In this block and the next, we will be exploring what and who are involved, what their particular roles are, what values they hold, how they influence the policy that is made, and what arrangements are in place. In this block we will focus on the formal arrangements—the ideas embraced in constitutions and institutions of government. In this sense, our approach is **state-centred** (Nordlinger 1981 cited in Ham and Hill 1984, p. 25). Since political power 'is a highly complex relationship which exists in many different forms at many different levels of society' (Mulgan 1989, p. 37), Block 5 will broaden out to a **society-centred** approach. Such an approach recognises formal institutional arrangements but also accepts the informal involvement of others in policy-making.

In this course we will focus most of our attention on the governments of countries that are a part of the Commonwealth, or former colonies of the British. Therefore, the Westminster system figures high in our analysis. In addition to examining this system and exploring its implications, we will look at the particular version that operates in New Zealand. This has some distinct features that make it worth examining in the context of policy-making. Two other systems will also be briefly explored for comparative purposes.

Typically, we will be concerned with liberal-democracies, which are a British export. Many countries adopt this system but have not yet developed a viable form of it; their forms may be weak or experimental. (Finer 1970, p. 62).

A liberal-democracy is built on the following assumptions:

- It is democratic (according to Finer's definition given below).
- Government is limited, and operates in 'a world of autonomous, spontaneously self-creating, voluntary associations'; its intervention in such a world must be justified and proved, not assumed.
- It operates in pluralistic societies. (Pluralism implies the host of autonomous groups in the previous point and is discussed in more detail in Block 5.)
- The government is one 'in which it is denied that there is any objective science of society or of morals', thus there is also tolerance and majority rule (Finer 1970, pp. 62-65). If the majority of voters vote for a particular outcome, or for a particular party to lead them, then there is an acceptance that the political outcomes will reflect their desires.

Democratic government can be defined as 'the exercise of political power by the people', where the people consist of 'those whose legitimate interests are affected and who can be considered sufficiently responsible to decide for themselves' (Mulgan 1989, p. 37). Finer (1970) is very particular about stipulating a definition of democracy with the following components:

- A democratic government is derived from public opinion and is accountable to it. It must continually justify itself to the society it represents.

- Public opinion must be freely and openly expressed. This implies some machinery for making public opinion known; for example through suffrage, votes, and/or voice.
- In contentious matters, majority rule must prevail (p. 63).

The liberal-democratic form of government represents:

> *….[A]ctual overt and freely expressed public opinions, a characteristic it shares with none of the other main types of regime. It therefore presupposes a fairly high degree of sub-group autonomy; and therefore, again, the substantive political issues reflect the tensions in the society while the style of political activity reflects the values held by these various social groupings.*
>
> (Finer 1970, p. 583) (emphasis in original)

There are significant differences between how a liberal-democratic regime might function in one country and another. Liberal democracies may be very stable or unstable over time. In some countries one-party rule has been problematic (Finer 1970, p. 583). Culture, tribal or clan structure, ethnic groups and indigenous peoples, and tolerance for or necessity of corruption or violence (in order to survive or advance, for instance, influence tensions in a society and the ways in which social groups think, feel, and behave. These issues will therefore be reflected in the sorts of policies that emerge. Another factor influencing variations in the liberal-democratic model is the presence of formal procedures and authority (Finer 1970, p. 584).

> *… [O]ne set of variations turns on the differences in the* **formal** *provisions for civil liberties and on the balance between the organs of government; another set of variations turns upon how far in* **practice** *these norms are observed—for instance, whether the courts are in fact independent and if so how far, or to what extent the government uses bribery or administrative pressure during elections.*
>
> (Finer 1970, p. 584) (emphasis in original)

We can complete Finer's contribution to our discussion by using his model for comparative analysis of different political systems. (See Figure 3.1 below). This identifies some of the parameters that might be used to judge variance between one system and another. These and other issues will emerge in the ensuing discussion but in summary they are the following interrelated systems:

- System of civil liberties—the system of rights and freedom to form groups with different objectives
- System of inner-governmental relationships—who has power to influence the state to secure its objectives—for example, the bureaucracy, the presidency, or the military may hold particular influence over the legislative body
- System of representation—how the electoral system works and how it influences who represents whom in government and policy-making
- System of political parties—how political parties form and compete for power

- System of public-opinion groupings—predominant groups that affect policy, government, and social opinion in general, such as trade unions, a particular religious group or church, or universities.

(Finer 1970, pp. 583-589)

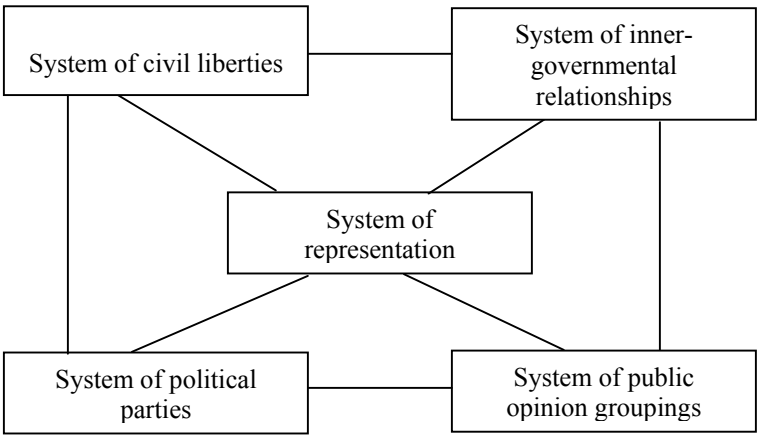


Figure 3.1: Simplified schema for comparing government systems
Finer 1970, p. 587

3.2 The Westminster Model

In this section we will consider the main features of the Westminster system of government. A broad analysis will be made here of each of the main institutions of political power—the executive, the legislature, and the judiciary—with more detailed analysis in a policy context in Block 5.

The Westminster system that many countries inherited from Britain was, in its home country, one of unitary government (one central government) and included a hereditary House of Lords (Singleton *et al*. 2000, p. 28). The House of Lords originally held a superior role but over time the House of Commons, which had originally represented the medieval towns and boroughs of England, became the place where the executive, or ministers, sat.

Edwards (2001) defines the Westminster model as a:

> *[S]ystem of government in which it is presumed that there is separation of power between the executive, the legislature and judicial arms of government.* (p. xviii)

The notion of **separation of powers** has been established since the eighteenth century writing of Locke and Montesquieu. In the British colonies, the separation of power was seen as an admirable way of curbing and limiting 'the comprehensive power of the Crown as represented by colonial governors' (Corbett 1996, p. 13). Thus the separation

of powers is largely about preventing the concentration of too much power in the hands of one person, or one group of persons. This seems to be an admirable ideal, but in reality we have to question where power resides, who has it, and whether its distribution causes problems of efficiency, effectiveness, and accountability. For example, too much power could still fall into the hands of a few, or procedures could be so complicated, and power so dispersed, as to cause delays in decision-making. The separation of power is problematic, however, and the degree of separation in reality is a matter of debate.

While there is ostensibly separation of power in the Westminster system, in practice there is less separation of powers than is often suggested. In 1867, Walter Bagehot described the Westminster system of government as follows:

> *The efficient secret of the English Constitution may be described as the close union, the nearly complete fusion, of the executive and legislative power. No doubt by the traditional theory, as it exists in all the books, the goodness of our Constitution consists in their singular approximation. The connecting link is the Cabinet. By that new word we mean a committee of the legislative body selected to be the executive body . . . a cabinet is a combining committee—a hyphen which joins, a buckle which fastens the legislative part of the State to the executive part of the State. In its origin it belongs to the one, in its function it belongs to the other.*
>
> (Bagehot 1945, p. 12) (emphasis in original)

Essentially, Bagehot argued that separation of powers exists in theory but that, in practice, the system is efficient because of the connections that exist. Corbett (1996, p. 14) is succinct when he says that complete separation of power characterises the American system, which we will examine in Section 3.4, while in Westminster systems partial separation of power exists. The degree of separation will become evident throughout the following discussion. The three bases of power involved in the Westminster system, reflecting the main institutions, are described by Corbett (1996) in more detail below in Table 3.1, alongside a brief explanation of each institution.

Table 3.1: Institutional roles and power in the Westminster system

Institutional Role	Institutional Name	Institutional Power
Legislative	Legislature (usually Parliament with one or more houses)	Legislative power is very **broad** and is 'the power to make new laws or general rules applying to a whole category of citizens'.
Executive • political • permanent or administrative	Cabinet (political) and public or civil service (permanent or administrative). Added to this hierarchy can be the Crown or the representative of the	Executive power is supposed to be **narrower** than legislative power and to be limited by laws and policies already predetermined. It is 'the power to apply the law; it includes administrative action, which often involves dealing with individual cases, bringing the law and government policy to bear on narrow categories of citizens or on

	Crown, such as a governor	individuals'.
Judicial	Judiciary–judges and courts	Judicial power is supposed to be **narrower still**; it merely interprets the existing law as it applies to a particular dispute. 'Judicial power involves hearing disputes, either between citizens or between citizens and the government, and then making a decision which applies the law in that particular disputed case'.

Source: Derived from Corbett 1996, p. 13 (all quotes within are from Corbett p. 13).

Palmer and Palmer (1997, pp. 6-8) outline key features of the Westminster system:

- A single party is elected to government.
- The governing party selects the cabinet from among its own members of parliament.
- The governing party acts as one unit—there is strong pressure for the caucus to adhere to whatever decisions the cabinet makes.
- The governing party dominates Parliament and can therefore dominate the laws that are made.
- The cabinet runs the government through the public or civil service.

The arrangement varies among countries, but as discussed above in Table 3.1 and shown below in Figure 3.2, the executive could comprise a hierarchy of individuals and groups.

The prototypical Westminster system is thus the parliamentary system of government. This means that a majority of cabinet members and the prime minister sit in a democratically elected lower house, which is the centre of government power. Historically, in Britain, decisions of the House of Commons could be reviewed to a limited extent by the House of Lords, but by the 1890s the power of the Lords had been considerably reduced (Singleton *et al*. 2000, p. 28).

These days it is usual for most of the power to reside in the lower house of parliament. However, this is not necessarily as straightforward as might be imagined. Constitutional arrangements among countries differ. For example, Australia's upper house, the Senate, comprises members elected on a state basis (with equal numbers for each state, despite dramatically different populations). This allows a strong check on the powers of the lower house when the majority party forms a government. In contrast, in New Zealand, to be discussed in the next section, there is no upper house.

Nevertheless, we can assume that in the Westminster system, a government will be formed in the lower house of parliament (or the only house). The government is usually formed from the party with the majority of elected representatives or from a coalition of two parties with the prime minister as leader. In most systems, there is a second party which forms the opposition. All the elected representatives in the governing party in parliament might be called the caucus, while all those members appointed as ministers form the cabinet with the prime minister. The prime minister has the dual role of being

the leader of the party in parliament, and of the cabinet. He or she is thus the chief of the executive but, in effect, has a chief role in the legislature as well.

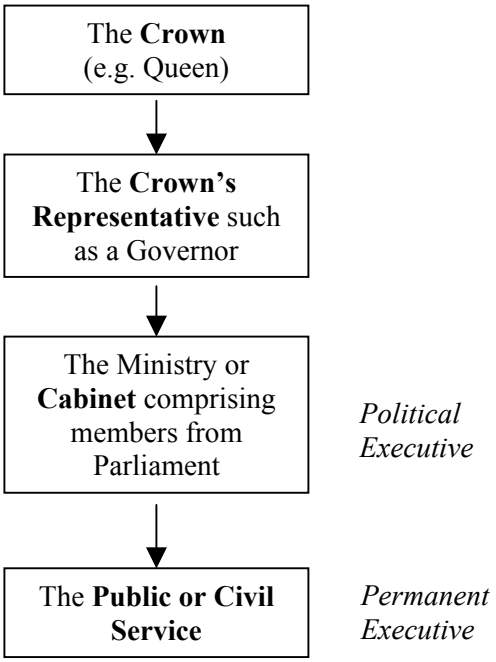


Figure 3.2: Typical executive in the Westminster system

Source: Michele Fromholtz

One might envisage the legislature making laws, the cabinet and public servants carrying them out, and the judiciary keeping law and order through adherence to policy. In practice, as was so effectively stated by Bagehot, the demarcations between each of these forms of power and what they may do in relation to policy, vary and overlap.

The essence of how policy develops in a Westminster system is as follows. Elected representatives to the legislature are charged with the responsibility for developing policy (law or legislation) for the people of the country (their collective constituency or electorates) and are accountable to them for this. This describes a 'representative democracy'—a system in which the citizens elect a member to parliament to represent their interests (Singleton *et al.* 2000, p. 98).

From the legislature a prime minister and group of ministers (from the ruling party or coalition) act as an executive (a governing party) managing the day-to-day business of the nation and making policy decisions (which may be of various types) in the course of that function. The permanent executive or public/civil service comprises employees of the government who work towards implementing the policy of the government (whether it be applied or direct legislation). Many policy decisions emerge from cabinet.

The judiciary arbitrates on questions of the application of the law. These three distinct institutions function separately, though clearly the cabinet (in the Westminster system) is closely linked to and a part of the legislature, as Bagehot so clearly reminds us.

Cabinet has considerable power to make policy, to dominate in the governance of the country but this is tempered by other powers. It cannot operate completely independently, without constraint.

According to Jaensch (quoted in Singleton *et al*. 2000, p. 5):

> *The essence of responsible government in the Westminster model is that cabinet is collectively responsible to parliament, and that individual ministers within the cabinet are individually responsible to parliament for their own actions as ministers, and for the actions of their departments.*

Referring to the institutional powers as laid out in Table 3.1 above, we would expect cabinet to apply the laws and rules determined by the legislature. Yet there is a premise in the Westminster system that 'parliament should not usurp the authority of the executive' (Singleton *et al.* 2000, p. 130), implying that the executive should be allowed to get on with the business of governing. However, parliamentary committees offer some balance by scrutinising executive action and/or influencing it, so it does not run completely free. The executive does have more power than it may formally appear to have–while originally parliament discussed and considered policy initiatives, these days it is typically the executive (cabinet) that predominantly initiates and implements policy (Singleton *et al.,* 2000, p. 103).

Since the strong development of party politics, decisions taken by cabinet are often readily passed in the lower house of parliament when a majority of the same party sits. The executive, therefore, can tend to dominate, though in many countries having an upper house of parliament helps to keep check on the strong control of the ruling party in the lower house.

Under the Westminster system, cabinet is at the heart of political power but must stand down if there is no confidence in its actions. Since cabinets comprise members of majority government votes of no confidence are unlikely to succeed (Singleton *et al.*, 2000, p. 138). All cabinet members, including the prime minister, sit in parliament (in contrast to congressional systems such as in the US) (Singleton *et al.,* 2000, p. 139). One of the Westminster conventions is that ministers are drawn from within parliament (clearly placing the executive under the umbrella of parliament, not outside it). Figure 3.3 illustrates a model of the Westminster system which demonstrates some of the key features discussed so far.

Ministers should carry out their duties effectively, in accordance with the laws of the country, and within the requirements of departmental efficiency. They are accountable to their electors. In turn, ministers depend upon their permanent departmental staff—the public servants in the permanent executive—to support them in their work.

More recently the Westminster system's tradition of collective responsibility is under threat (Singleton *et al*. 2000, p. 167).

> *In the Westminster system of government, a minister is supposed to be responsible to parliament for all actions that are carried out in the department. Unless the minister is actually directing those actions, it is somewhat optimistic to expect the minister to accept the traditional role. It is unrealistic if the department's activities are planned in detail by the public servants themselves.*
>
> (Singleton *et al.* 2000, p. 194)

One might expect that all issues would be fully discussed and fairly voted upon in parliament, but this does not really happen. In parliaments, there are rules and procedures, such as first and second readings of bills, limited introduction of bills, debate formalities, etc. These will be considered further in Block 4.

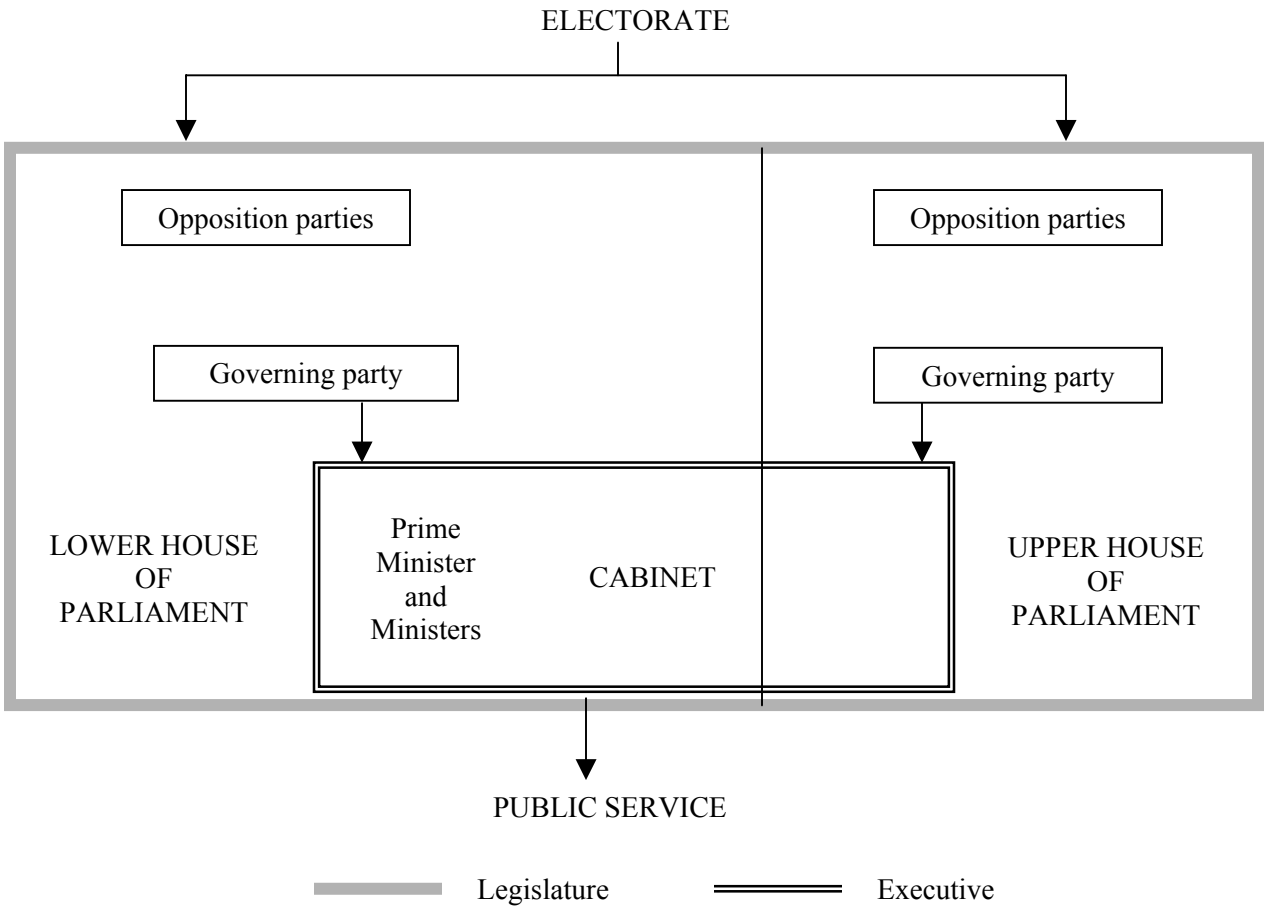


Figure 3.3: The Westminster system with its typical two houses of parliament

Source: Adapted from Singleton *et al.* 2000 p. 143

Case Comments – Cases are to be found in your Case Studies Booklet

Case 1: Britain's health policy is contrasted with that of the US, with the conclusion that both countries have some difficulty getting major policy shifts to occur (due to the political structures of the countries) (p. 13).

Case 12: Colombia is described as a parliamentary democracy at the beginning of the century (p. 163). It is clear that at least two effective political parties have operated over time–there have been several changes in the ruling party in government. Note, however, that the Conservative Party was ousted after a 40-year period in the 1930s (p. 163). A populist military government took over in 1953 after civil war but was overthrown in 1957. This case presents some challenges in terms of tracking the particular political system in operation at different times of the case. Municipal authorities are another layer in the governance system that need to be taken into account.

Self-Assessment Activity 3.1

Think about the political system in your own country and/or other countries with which you are familiar, and address the following questions:

- What key political institutions operate in the country?
- Do the political units correspond to the legislative, executive and judicial roles?
- Is there some separation of powers as described in the Westminster system?
- How is the system different from the Westminster system as described above?
- How do you think the degree of separation of powers affects the level of independent and representative governance in the country?
- How does the degree of separation help or hinder coordination of policy-related activities?
- Is there an upper house in the legislature? If so, how is it constituted? What checks and balances can it place on the executive?
- If there is no upper house, is there too little constraint on the executive?
- What other features can you identify that are distinct and/or unique?
- What problems and advantages are there in the political system of the country?
- Revisiting some of the definitions of policy (developed in Block 2), do you think that everything the various institutions of government do can be described as 'policy'?

3.3 The New Zealand Model

New Zealand's system of government, like that of most Commonwealth countries, derives from the British system. Its political system reveals how, in practice, distinct versions of the Westminster system can develop in different countries. New Zealand, along with Britain, has been identified as a 'fast mover' of public sector reform. 'The New Zealand model', particularly, has been cited as a notable example of managerialist reform (Barnett and Jacobs 2000, p. 75). This section will begin with a historical account of the development of the New Zealand system, then outline some special features and recent changes to its structural arrangements. Finally, we will consider the reforms that led to the much-cited New Zealand model, and that are an ongoing part of it.

New Zealand's original constitutional structure was conferred by Westminster in 1852 as a 'representative' one. Over time, the nature of this constitution has been amended, with New Zealand moving from self-government, to dominion status, then to the wholly independent nation it is today (Palmer and Palmer 1997, p. 3). The final step in achieving full control occurred in 1947 subsequent to the New Zealand Parliament passing the Statute of Westminster Adoption Act. This was also passed by the United Kingdom Parliament in 1931. The United Kingdom, also, at the request of New Zealand, passed the New Zealand Constitution Amendment Act (pp. 3-4). The United Kingdom was still in the position of making law for New Zealand by the request and consent of the New Zealand Parliament right up to 1986 when this power was removed by the Constitution Act 1986 (p. 4). Over the years, the 1852 Constitution was amended to the extent that by 1986 only 12 provisions existed where there had once been 82 (p. 4). A constitutional crisis in 1984, relating to the ability of a newly elected party to immediately form government, prompted the establishment of an expert panel to investigate and suggest revisions to the constitution. The new Constitution Act 1986 gained unanimous support (p. 4) and the constitution has remained, with one major revision occurring in relation to voting systems.

As with other nations under monarchy, there are four key constitutional institutions:

- **The Sovereign:** the Queen and her representative the Governor-General
- **The executive:** ministers and parliamentary under-secretaries and public servants
- **The legislature:** the House of Representatives or Parliament
- **The judiciary:** judges

(Palmer and Palmer 1997, p. 5)

'A constitution is the system or body of fundamental principles under which a nation is constituted or governed' (Palmer and Palmer 1997, p. 2). Not all the principles are written down and some constitutional conventions 'are customs or practices that politicians and commentators generally acknowledge to be effective rules' (p. 6). In New Zealand this is evident. The Constitution is a relatively simple document, but much of what makes the broader 'constitution' is found in other documents. These include (p. 5):

- New Zealand and United Kingdom legislation
- prerogative instruments made by the Queen
- court judgements

- the day-to-day practice of those in the constitutional system

As with many systems not all powers are legally determined and the exercise of political power (for instance, via cabinet) adds to the complexity (Palmer and Palmer 1997, p. 5). Cabinet seems to be a key feature of many Westminster countries yet, according to Palmer and Palmer (1997):

> *In law it is no more than an informal committee that operates according to a series of conventions that the law will probably not enforce. (p. 5)*

New Zealand's version of the Westminster system features a single-party majority government with key relationships occurring with and within the governing party in parliament. Outside of this the opposition party has a key role to play, especially as it is the main competition in the next election. The Courts also have a role (Palmer and Palmer 1997, pp. 6-8). Palmer and Palmer also refer to public opinion, local government, administrative law (complaints, etc.), the New Zealand Bill of Rights Act 1990, the Treaty of Waitangi, and international law as also having an effect in the governance of the country (pp. 8-9). Since the nineteenth century there has also been a system of designating seats in parliament to particularly accommodate the interests and needs of the Maori community (Mulgan 1989, p. 81). The latter was to guarantee

> *….[P]arliamentary representation to the Maori as landowners and British subjects, and at the same time preventing them from swamping the votes of the settlers in the remaining seats which were reserved for Europeans . . . . [they] helped Maori to participate in what was an alien system of government, and have ensured that Maori interests and the Maori people are visibly represented in parliament.*
>
> (Mulgan 1989, pp. 81-82)

While arguably undemocratic, since we could formulate electorates around any range of criteria, the system has been democratically acceptable (Mulgan 1989, p. 82).

Currently, New Zealand has **a mixed member proportional (MMP)** electoral system. MMP was brought in by a referendum in 1993 with a new Electoral Act being passed the same year. Traditionally, New Zealand has had a **first-past-the-post (FPP**) voting system. Under the FPP system the ruling party exercised 'unbridled power' with New Zealand having:

[A]t its heart an extraordinarily streamlined decision-making machine. The governing party and its Cabinet directly dominated two of the three branches of government—the executive and legislature—and could overrule the third—the judiciary.

*(*Palmer and Palmer 1997, p. 9)

This concentration of power presented dangers (Palmer and Palmer 1997, p. 9). While in theory complete separation of powers is desirable, in practice it is neither possible nor useful–there needs to be some coordination of policies and administration (p. 10). The degree of separation is an important one, however, since if there was complete fusion the country would be an autocracy (p. 10). Prior to the changes that MMP brought , a characteristic of the system:

….[W]as a concentration of power in the central government. The distribution of power within that government resulted in the effective power being located in a fusion of the legislature and executive–the government party and its Cabinet.

(Palmer and Palmer 1997, p. 10)

The main constraint on the use of this power was the fact that the government had to face election every three years (p. 10). This electoral check is a key feature of Westminster systems (p. 10). Note that in the absence of an upper house in New Zealand there was little alternative constraint on the actions of the executive.

Thus the system seemed to lack sufficient separation of powers, and might have benefited from more controls on this unbridled power—though how much separation is always a problem. While New Zealanders have traditionally wanted strong government acting decisively, in recent years governments have acted in ways not endorsed by the public—the radical changes they introduced either were contrary to their publicly stated intentions, or were simply not mentioned (Palmer and Palmer 1997, p. 11). The 'decisive' action was not in response to public demands. The innovation that was introduced (through a referendum) to deal with this problem was MPP—a form of proportional representation (p. 11). This change in the voting system has had considerable impact on the whole system of government. An interesting point to consider is how any change in the way government works can alter the whole system. MMP has the capacity to 'slow the system down and make it less friendly to executive power. It is likely to increase the distinction between executive and Parliament' (p. 11).

The MMP system is unique; the most similar system is in Germany (Palmer and Palmer 1997, p. 12). In broad terms, MMP can be explained as follows:

There are 120 MPs of which five[1] represent Maori electorates, sixty represent general electorates, and fifty-five are chosen from the 'party lists'. Each voter has two votes. One vote, the constituency vote, is for an MP to represent the voter's electorate (general or Maori). The candidate with the most votes in an electorate will win a seat in Parliament. The other vote, the list vote, will be for a political party. Each party will receive the total number of seats in Parliament that corresponds to the proportion of the list votes it receives, if it is above 5 per cent (and taking into account the number of constituency seats its candidates win). The overall effect is that the parties' strengths in Parliament will reflect the percentage of list votes they receive.

(Palmer and Palmer 1997, p. 12)

The anticipated outcome of the MMP system was that it would be much less likely that one political party would get the majority of seats in Parliament (Palmer and Palmer 1997, p. 12). Research has shown that the FPP system (previously in use) has a clear bias

---

[1] *The number of Maori seats varies according to Maori electoral registration, both in terms of the number of Maori people in relation to the general population, and also in terms of how many Maoris choose to register on the Maori electoral roll. The recent variations have been from four Maori seats, to five and then later to six.*

to producing only two viable political parties (p. 12). Now, it is still possible, but much less likely, that there will be single-party majority government. Rather it is more probable that, to form a government, two or more parties will have to cooperate in some way: either they will form a government and share cabinet positions together—a coalition government—or one party will agree to generally support another in government but not take part in cabinet—a minority government (p. 12).

> *In fact, since coalitions could be majority or minority governments and a minority government could be formed by one party or several parties, there are [sic] a variety of possibilities.*
>
> (Palmer and Palmer 1997, pp. 12-13)

Under the new system, now that one party does not control Cabinet and Parliament, there are variations to the way in which governmental power is exercised **throughout** the system (Palmer and Palmer 1997, p. 13). It is likely the Governor-General will have more discretion in exercising 'reserve powers' particularly in relation to deciding who to ask to form government (though these powers are subservient to the House of Representatives) and also in regard to requests for dissolution of Parliament (p. 13). There is also concern that it may take a long time for negotiations to occur over who will form a government and that in the meantime a caretaker government that will avoid controversial decisions will operate, perhaps failing to make some necessary decisions during that time (p. 13).

Overall, the processes of power in the new system have been much more constrained as the following other likely outcomes show:

- Parliament and opposition parties will determine the continued existence of a minority government
- There will be less cabinet solidarity, with less pressure on ministers to agree publicly with coalition cabinet decisions (since single party allegiance is not the dominant force)
- In a coalition government, the role of the prime minister and senior officials in coordinating ministers and officials will be more difficult
- Public servants will probably face more direct pressure from opposition politicians
- Ministers may have a tendency to make decisions within their portfolios without reference to a coalition cabinet
- Regulations will likely be used to avoid the need for legislation under a minority government since it might be harder to get legislation agreed to and passed in Parliament
- Parliament and opposition parties will determine whether particular minority government policies will be implemented through legislation and possibly whether particular individual ministers will resign
- Legislation will not necessarily reflect the strongest party's preferences;, i.e., legislation that is not supported by a minority government, and sometimes a coalition government, may be passed

- Select committees of Parliament will be more important to the passage of legislation and the scrutiny of government through select committee investigations
- There will be pressure to increase the resources available to Parliament, select committees, and political parties in this more complex and decentralised system
- The judiciary may take up an increased policy-making role in arbitrating the law
- There may be more meaningful public debate over government policy

(Palmer and Palmer 1997, pp. 14-15)

Many of these factors will have implications for policy-making. The MMP system in New Zealand was expected to make the executive less dominant, with governmental power less concentrated and more dispersed amongst parties (Palmer and Palmer 1997, p. 15). This appears to have been the result. A larger party in government in coalition with others has been constrained by this alliance. In essence, small parties can 'force through a policy that no other party agrees with or force an election'. A coalition of Labour, the Alliance, and the Greens in 1999, for example, led to 'leftist excesses' rather than injecting a more constrained outcome (James 2002, p. 16). The processes of alliance formation around election time seem as vital as any other factor in the policy-making process. James suggests that the MMP system was based on the German system, which arose from a different political context of two strong parties. In New Zealand, minor parties can now veto initiatives of the larger parties and switch allegiances; there is no longer a case for a party such as the Labour Party declaring during its election campaign that it will promise something in particular since it may not be carry out its promise with alliance parties (James 1999, 28-33).

The MMP system in New Zealand is likely to make the executive less dominant, with government power less concentrated and more separated (Palmer and Palmer 1997, p. 15). Government, 'once regarded as a friend' has now retreated and the 'speed, suddenness, and completeness of those policy shifts have also been internationally remarkable' (p. 16). Changing policy might be more difficult but the policy that is made may be more enduring (p. 16). It is expected that there will be more inter-party negotiation and compromise, more lobbying, and less explicit party manifesto commitments (pp. 16-17).

Typically, policy decisions are made in Cabinet, with ideas and proposals coming via the Minister. Usually, most of these have come through the scrutiny of public servants who have a wealth of knowledge and understanding of issues, but they could also bypass public servants when a minority member's bill is put to the Parliament. However, most major decisions are given to the relevant departments for advice and analysis of implications. When more than one party is in government, there may be multiple caucus meetings required. (Each caucus meeting would be a meeting of the members of Parliament of that party.) In such cases no party could make a unilateral decision about policy (Palmer and Palmer 1997, pp. 17-18).

The legislative process for making laws was changed and made more transparent in 1996 (Palmer and Palmer 1997, p. 18). This process gives members of parliament, interested people, and groups in the community, time and opportunity to comment upon bills before they are debated and passed (p. 18). 'Virtually all bills are sent to select committees where the public can make submissions on them' and changes are frequently made (p. 18). Particularly, the Business Committee can have an important impact on the legislative process since it:

> *....[C]an limit the time of debates for each legislative stage where there is near unanimity on that course being adopted. Furthermore, it can decide that the Committee of the Whole House stage can be omitted altogether.*
>
> (pp. 19-20)

Dramatic managerialist reforms were mentioned in the opening paragraph of this section and deserve special comment. Such reform involved:

> ...[A] preference for private provision, clarification of government goals, separation of policy from operational administration, and a preference for privatization and competitive tendering for services.
>
> (Barnett and Jacobs 2000, p. 75 citing Boston)

Two important pieces of legislation changed the way in which the system operated. The State Sector Act 1988 changed the nature of the relationship between ministers and departments with departmental heads shifting from tenured positions to contracted ones. This made it easier for ministers to shift accountability to them. The act also introduced private sector labour market practices for a more flexible and efficient public service. The Public Finance Act 1989 changed the focus of financial arrangements from inputs to outputs, with requirements for performance reports and full financial statements as in the private sector. (Barnett and Jacobs 2000, p. 75)

International commentators have cited New Zealand as 'an example of how to transform a semi-socialist economy to a "reinvented" market economy' (Barnett and Jacobs 2000, p. 75). In part, the sweeping changes that occurred in New Zealand were possible due to the unrestricted power the executive had prior to more recent reforms in the voting system. It is uncertain whether the instigators of the reforms (New Zealand's fourth Labour government) intended to create a distinctive model; however they certainly created one that has become an object of study for public sector officials and politicians around the world (Boston, 1996).

A brief overview of the nature of New Zealand's system of government is illustrated in Figure 3.4 below.

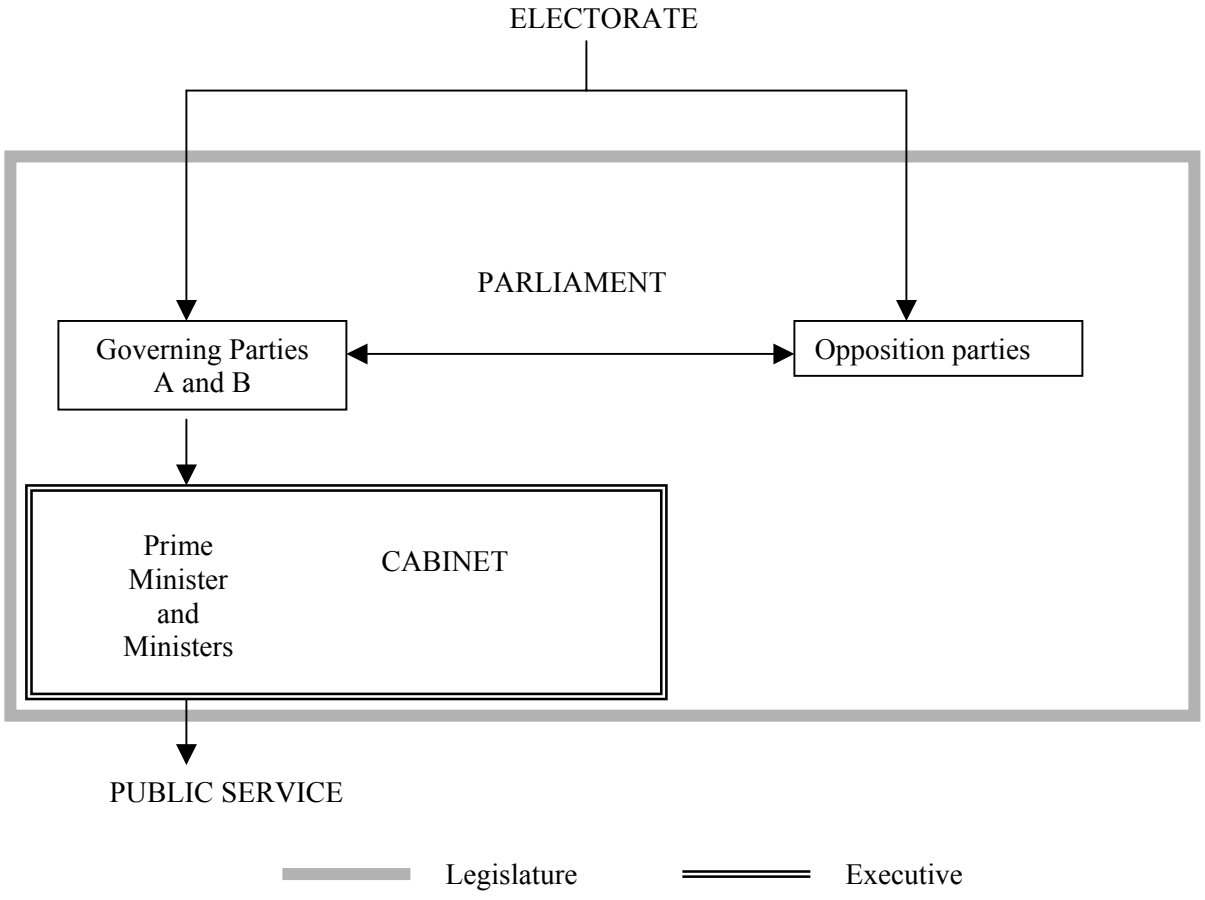


Figure 3.4: The New Zealand system with its single house of parliament

Source: Derived from Palmer and Palmer 1997 p. 13 and Singleton *et al.* 2000 p. 143

The main features of the New Zealand model are summarised in detail by Boston (1996) and reproduced in the table below (Table 3.2). Further research may be required to broaden your understanding of New Zealand's system and to answer any questions you might have about how it works in detail. See the list of further reading at the end of this block.

Table 3.2: Key features of the New Zealand model

*From the outset, the main **objectives** lying behind the development of the new model of public management were:*
• to improve allocative and productive efficiency • to enhance the effectiveness of governmental programmes • to improve the accountability of public sector institutions and the accountability of the executive to Parliament • to reduce the level of government expenditure and the size of the core public sector • to minimise the opportunities for the non-transparent use of public power • to improve the quality of the goods and services produced by public agencies • to make public services more accessible and responsive to consumers, as well as more culturally sensitive
Among the key principles underpinning the new model are the following:
The government should only be involved in those activities that cannot be more efficiently and effectively carried out by non-governmental bodies (e.g., private businesses, voluntary agencies, etc.). Any commercial enterprises retained within the public sector should be structured along the lines of private sector companies. The goals of governments, departments, Crown agencies and individual public servants should be stated as precisely and clearly as possible. Potentially conflicting responsibilities should, wherever possible, be placed in separate institutions. There should be a clear separation of the responsibilities of ministers and departmental chief executives (CEs): ministers should be responsible for selecting the outcomes they wish to achieve and purchasing their desired outputs; CEs should be responsible for selecting the inputs required to produce the desired outputs with the minimum practicable interference from ministers and central agencies. Wherever possible, publicly funded services, including the purchasing of policy advice, should be made contestable and subject to competitive tendering; the quality, quantity, and cost of publicly funded services should be determined by the purchaser's (i.e., minister's) requirements rather than the producer's preferences. Institutional arrangements should be designed to minimise the scope for provider capture.

Preference should be given to governance structures that minimise agency costs and transaction costs.

In the interests of administrative efficiency and consumer responsiveness, decision making powers should be located as close as possible to the place of implementation.

*In more specific **policy** terms, the current New Zealand model, as developed in the mid-1990s, includes the following elements:*

A preference for retaining key governmental powers and responsibilities at the central government level with only limited devolution to sub-national government, despite considerable rhetoric about devolution in the 1980s.

A strong emphasis on the use of incentives to enhance performance, at both the institutional and the individual levels (e.g., short-term employment contracts, performance-based remuneration systems, promotion systems, etc).

An extensive use of explicit, generally written 'contracts' of various kinds, which specify the nature of the performance required and the respective obligations of agents and principals (e.g., performance agreements between ministers and departmental CEs, purchase agreements between ministers and departments, and contracts between funders and purchasers and between purchasers and providers). In addition to the emphasis on *ex ante* performance specification, more exacting monitoring and reporting systems have been introduced.

The development of integrated and relatively sophisticated strategic planning and performance systems throughout the public sector. Key elements include the specification by ministers of strategic result areas and key result areas and the integration of these into CEs' performance agreements and departmental purchase agreements.

The removal, wherever possible, of dual and multiple accountability relationships within the public sector, and the avoidance of joint central and local democratic control of public services.

The institutional separation of commercial and non-commercial functions; the separation of advisory, delivery, and regulatory functions; and the related separation of the roles of funder, purchaser, and provider.

The maximum decentralisation of production and management decision-making, especially with respect to the selection and purchase of inputs and the management of human resources.

The implementation of a financial management system based on accrual accounting and including capital charging, a distinction between the Crown's ownership and purchaser interests, a distinction between outcomes and outputs, an accrual-based appropriations system, and legislation requiring economic policies that are deemed to be 'fiscally responsible'.

Strong encouragement for, and extensive use of, competitive tendering and contracting out, but few mandatory requirements for market testing or competitive tendering.

Source Boston *et al.* 1996, pp. 4-6

Case Comments– Cases are to be found in your Case Studies Booklet

Case 6: According to Barnett and Jacobs there are three important types of relationships for maintaining a coordinated approach to policy: the horizontal relationship between ministers; the vertical relationship between ministers and their advisers, and the horizontal relationship between officials. These relationships were in a state of breakdown in New Zealand in the late 1980s (pp. 105-106). External advice was competing with internal bureaucratic advice, for example, and restructuring undermined coordination across departments (p. 106).

Self-Assessment Activity 3.2

Develop your own opinion about the New Zealand system using the following questions:

Is the system effective in containing political power?

Do revisions such as the New Zealand MMP system improve the likelihood of democratic policy-making?

Do you think there is a need for an upper house in the constitution? Why?

Think about the political system in your own country and/or other countries with which you are familiar. Consider the following questions to help you compare that system with the New Zealand system.

Is there too much power centred in one part of the political system?

Does the new New Zealand system offer any suggestions for improving the country's system?

Is party politics a dominant force in the country's system that events best policy being made?

Is there an upper house in the legislature? If so, how is it constituted? What checks and balances can it place on the executive?

What other features can you identify in the country that are similar to that of New Zealand? (These can be constititutional, political, or social e.g., different ethnic groups.)

If you have identified similarities, now outline the more subtle differences within those similar areas.

3.4 Other Models

There are many forms of political system operating around the world, although the range of systems has decreased due to the significant changes in Europe of the late 1980s and 1990s. Each country has a unique form of political system and may not be easy to categorize. Charlton (1986) demonstrates methods of classification, and their inconclusive and inconsistent nature.

This section will refer briefly to the US system and also take a retrospective glimpse at the system of the USSR prior to its demise. These are clearly not representative of all systems but do offer a broader picture in which we can make comparisons about policy-making environments. If nothing else, it is sometimes important to step outside our own systems so that we can see other versions of how they may operate. As each of the descriptions is brief, it is important that you undertake your own research if you are particularly interested in different models.

The United States of America

As a **parliamentary model**, the Westminster system is one of two main types of legislative system in modern Western societies (Considine 1994, p. 75). The other is the **presidential model.** In the latter, the role of the executive is dramatically separated from the legislature so 'the responsibility for running programs is kept apart from the work of considering which laws and policy decisions to adopt' (Considine 1994, p. 75). As we have seen above, in the Westminster system the executive operates **inside** the legislature or parliament, so policy and its execution may be subject to intervention by the legislators (Considine 1994, p. 75).

In the presidential or congressional system in the US, cabinet members attain office through the will of the president (Singleton *et al.* 2000, p. 139). The US has a federal system with a central federal government and 50 individual state governments. The president resides at the apex of the political system and is elected (in a first-past-the-post system) by the people indirectly through the allocation to each state of 'electoral college' votes (equal to the number of Congressional Representatives and Senators).

The president is head of the executive branch of government as well as head of the armed forces and the federal civil service. He—to date no females have held office, although there is no reason why they may not—is also in charge of foreign affairs and is the chief initiator of federal legislation. The Cabinet is an advisory one, comprised of non-elected departmental secretaries appointed by, and dependent upon, the president. It includes experts drawn from various sectors of the community (Derbyshire 1987a, p. 2). See Figure 3.4 below for an overview of the system.

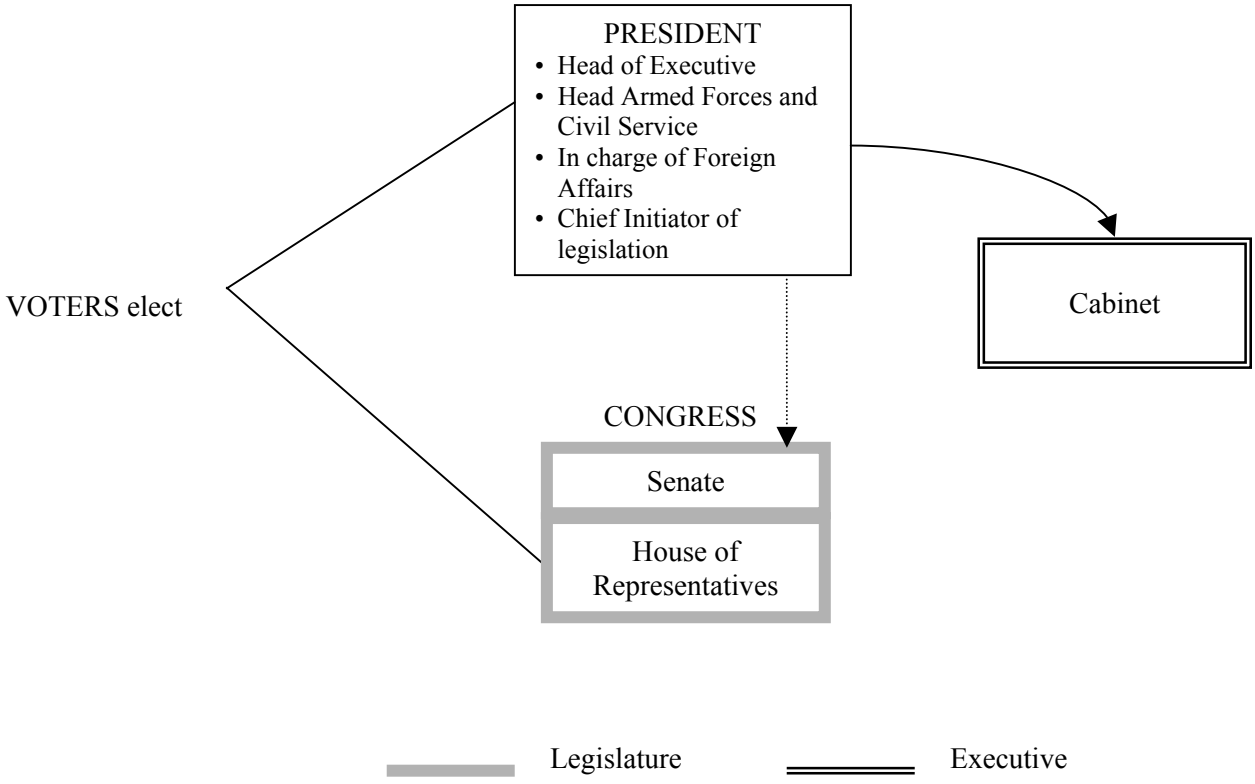


Figure 3.5: The United States congressional system

Source: Adapted from Singleton *et al.* 2000, p. 139 and Derbyshire *a* 1987, p. 2

Despite the tremendous power held by the president, he is dependent upon Congress for gaining approval for programs developed, and in this position is typically weaker than a prime minister in a Westminster system who resides within, and leads, parliament (Derbyshire 1987a, p. 3).

Congress consists of the lower house, the House of Representatives, where members are elected to represent relatively equal demographic areas, and the upper house, or Senate, which has equal numbers of Senators for each US state. The Senate is typically more traditionalist, with a greater percentage of members from small, agrarian states. However, because these members represent their states as a whole they tend to have a broader outlook. The interests of the members of the House of Representatives are usually more parochial because they each represent smaller, electorates (Derbyshire 1987a, p. 3). These elements of the system inevitably encompass divergent opinions and provide some checks and balances on one another.

The president needs to gain the cooperation of Congress to have programs approved, and to gain funding for those programs. Congress, or its standing committees, can closely scrutinise recommended legislation, prioritise, and amend it. Conference committees spanning both houses or chambers of Congress can also work to resolve differences of opinion to arrive at compromise or collaborative solutions. There are special additional powers for the Senate as well. For instance, Senate consent is required for key federal appointments, and a two-thirds Senate majority is required before foreign treaties can be approved (Derbyshire 1987a, pp. 3-4). While Congress holds considerable power, it is largely the power of approval or rejection, and it is up to the president to take the initiative to shape policy and develop solutions to social, economic, and other problems. This system is further complicated by party politics, ideological differences, and other allegiances or personal battles.

In terms of the judiciary, there is a hierarchy of judicial institutions adjudicating, interpreting and safeguarding the nation's constitution and laws, as well as the Bill of Rights. The highest court is the Supreme Court whose judges are appointed by the president with the Senate's approval (Derbyshire 1987a, p. 4). Judges, once appointed, sit for the rest of their careers unless impeached. During the history of the Supreme Court, there has been varying concern about the political nature of appointments since the judicial system is meant to be separate and independent. Judges are appointed with some degree of political preference by the president of the day but because their careers can be long, they tend to outlast the governments in power by many years; many judges are well into their seventies or older by the time they retire. This can mean that new appointments by the president lack any real impact because there is an-existing pool of judges who have been appointed over the years by previous presidents of different political parties (Derbyshire 1987a, pp. 4-5) and a certain balance tends to remain amongst the nine judges.

However, this is not always the case. In the 1930s, President Roosevelt took considerable steps to try to overcome the imbalance of judges who opposed his New Deal policies. He attempted to change the rules for judicial appointments by requiring an appointment of a new judge for every one over seventy who refused to retire. Though he was unsuccessful, the case highlighted political concern about judicial appointments (Kowalski 2003, pp. 20-23). The issue of Supreme Court appointments has been prominent again in 2002-2003 with the anticipated retirement of several older judges, and the beginning of a ninth term for the court without a retirement or appointment. This was the longest period without turnover since the early nineteenth century; at least one judge had served for 31 years (Lewis 2002, p. A1). There was much debate about who would be nominated for appointment and how such nominations would be supported or blocked by the Senate when vacancies arose. Some key anticipated judgments of political interest (particularly about pro-life and abortion) were central in these debates. This situation reveals too how the former president, Bill Clinton, had restricted opportunity to make appointments to the Supreme Court while his successor, George W. Bush, may have considerable opportunity (The Economist 2002, p. 31).

These various checks and balances, briefly covered, ensure a system of restrained political action. Major reform programs are unlikely to succeed without broad consensus within the country (Derbyshire1987a, p. 5). Interest group activity, and Supreme Court and presidential interpretation of the executive function are some of many dynamics influencing policy outcomes.

Former Communist Regimes–the pre-1990 USSR

Perhaps the major contrast to the political systems of the West in the twentieth century was the Communist system as it dominated many parts of the world. Prior to its dissolution, the government of the United Soviet Socialist Republic (USSR) was foremost amongst the permutations of the Communist system. The theoretical, 'on paper' version of the system varied markedly from its real operation (Derbyshire 1987b, p. 1). Derbyshire (1987b) summarises the system as it was:

> *…[T]he Soviet Union is a federation of 15 republics . . . with strong state (republic) institutions, universally elected state and federal committees and with a parallel supervisory party hierarchy and professional civil service. In reality, however its Union Republics have only limited autonomous power . . . the electoral system is bogus, and the real levers of power rest in the hands of the upper echelons of the Communist Party, who sit in the Politburo, the Central Committee, the Council of Ministers and the Secretariat and who move between key offices in the civil service, the army, industry and the police.* (p. 1)

However, Derbyshire also points out that it is not appropriate to see the system as one of iron rule—there were factional differences in the party hierarchy, and opportunities to block and delay policy implementation at various levels (1987b, p. 2). Figure 3.6 illustrates the pre-1990 Soviet system, showing the roles of the state and party, legislature and executive. However, because the state and party offices were jointly held this separation was not as real as officially stated and policy decisions could be informally made in the general arena of party politics. If we look back to Finer's system of inner-governmental relations discussed earlier in this block (Section 3.1) we see that here is a system in which the party has power to influence the state to secure its objectives.

> *The 'elected' tier of government . . . consists of over 45,000 soviets (people's councils) at the village, town, district, regional and republic levels, with, at the top, the Supreme Soviet–a two chamber parliament serving the entire Soviet Union. These soviets comprise both party and non-party members with the party proportion increasing at each tier–from 40% in oblast (regional) soviets to 70% in the Supreme Soviet. All candidates for election need party approval and stand as 'joint candidates' with only one contest permitted for each seat.*
>
> (Derbyshire 1987b, p. 2)

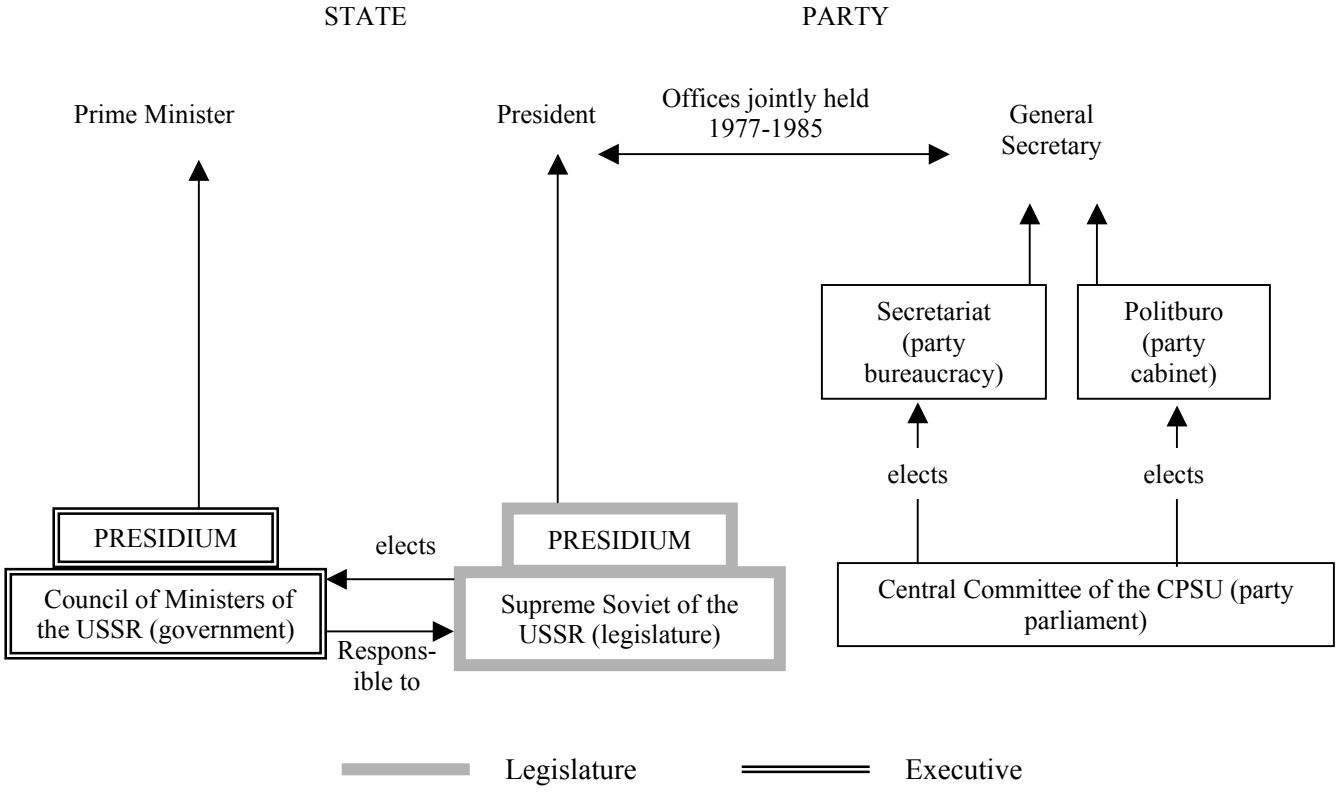


Figure 3.6: Executive leadership in the pre-1990 USSR

Source: Charlton 1986. p. 26

The Supreme Soviet was theoretically the chief legislative authority, though in practice it might have merely acted to rubber-stamp the laws presented to it. Its lower chamber was elected by the people (with one representative for every 350,000 people) while its upper chamber was composed of deputies from the republics and regions (Derbyshire 1987b, p. 3). The assembly of about 1500 deputies met for three- or four-day sessions twice a year, approving legislation and electing administrative bodies. One of these bodies was the Praesidium (also spelt Presidium) of 39 members which ran the Supreme Soviet when it was out of session. Another was the Council of Ministers—the supreme executive body (pp. 4-5).

Perhaps more than any other political system, the party machine was heavily entwined throughout this system and indeed, in control. Having a guaranteed monopoly position in a one-party state through Article 6 of the Constitution, the party initially was able to function following the originating ideological principles of communism. However, under Stalin:

> *....[C]entralist principles triumphed over democratic ones and power became increasingly concentrated at the apex of the party structure. Instead of committees*

> *below electing representatives to higher committees, the channel of selection was reversed with secretaries and officers being vetted and appointed from above.*
>
> (Derbyshire 1987b, p. 6)

Later, under Krushchev:

> *...[O]ne-man dictatorship was replaced by collective leadership through the revived Politburo and by drawing upon the broader Central Committee for advice and endorsement.*
>
> (Derbyshire 1987b, p. 6)

Many changes occurred after this time, culminating in the fall of the entire system in the early 1990s. It is sufficient to emphasise that party membership was key to success in politics, professional life, and other institutions, and that policy-making lacked the pluralism of western countries. The peak body of the party, the Politburo, was the hub around which the elected institutions of state functioned, while the other party bodies, the Central Committee of the Party Congress and the Central Secretariat, directed the party machine (Derbyshire 1987b, p. 9).

Case Comments – Cases are to be found in your Case Studies Booklet

Case 1: This case indicates that the US system of government has been designed to 'make quick and radical policy shifts difficult to carry out', especially because Congress can put a check on presidential power (p. 13).

Case 4: This American case reveals much more than telecommunications policy. Remember that this case is an actual economic report of the President, or at least of his office. It is not a report of the Congress, which makes legislation, but rather of the President and the executive. While the President does not legislate, he is highly influential in shaping policies and taking them to Congress for approval. Thus this case represents a strong political document in its context. Note the criticism of the government's regulation of the electromagnetic spectrum on pages 73-75 and how it impedes competition. This document is an expression of the President's will to shape and influence this problem and to get Congress to pass his amendments.

Self-Assessment Activity 3.3

Compare the US, German and pre-1990 USSR systems.

Are there features common to them all?

What are the key differences constitutionally, institutionally, and politically?

Compare these systems to your own country's.

What are the key differences from and similarities to one or more other political system? Are there any features that might be beneficial for policy-making in your country's system that you have noted from other countries (e.g., Britain, New

Zealand, US, or the USSR)? Don't forget to consider the different economic and social circumstances in which each type of system functions, or once functioned.

3.5 Block Summary

There are similarities and differences in political systems between various countries. This block has covered the Westminster system, New Zealand's version of that system, and the systems of the two nations heading the East-West divide prior to 1990. These are the congressional system as exemplified by the US, and the pre-1990 USSR system, which can be characterized as socialist/communist. These systems illustrate the choices that can be made in establishing constitutions and institutional arrangements, even within the framework of democratic government. At one level many similarities can be discovered, but it is also extraordinary to discover the diversity of practice that emerges through the particular arrangements and circumstances that exist in one country compared to another. Because a political system is interrelated but complex, small changes in one part of a system can lead to effects throughout it. Contextual factors such as ethnic groups, national culture, and so on, also have an effect. A political system is never a neutral system of rules and institutions imposed from outside—it is a dynamic and responsive mechanism that derives from historical change and the contemporary situation.

More complex arrangements than those discussed exist throughout the world. Not only do many countries have many tiers of government, such as the federal systems of the US and Germany, but there are now super-governments such as the European Parliament that embrace regional alliances of nations. Many states operate single-party democracies of one form or another. Republics can be compared and contrasted with monarchies. The list of potential contrasts can be expanded even further.

Throughout your reading it has been important to think about how political arrangements affected policy-making in the nations discussed. Further analysis of some of these factors will occur in the following blocks.

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Further Reading

The following readings will offer insights into the political systems covered in the block. The suggested readings are grouped according to the particular system dealt with. Some books that cover comparative political systems or policy-making systems are listed in the General section. Note that some of these books have earlier or later editions which will usually fulfil the same purpose, though the chapter numbers may be different.

This is only an indication of possible readings, not a comprehensive list. You may find many other relevant sources for further reading.

General

Charlton, R. 1986. *Comparative government.* Political Realities series. Harlow: Longman.

> Chapter 1 gives an overview of different types of political systems, chapter 2 examines the role of leaders in different systems such as the USA and chapter 3 focuses on legislatures.

Finer, S. E. 1970. *Comparative government: An introduction to the study of politics*. Harmondsworth: Penguin.

> Finer explores different forms of the state including the systems of the USA, USSR and Britain.

Hague, R. and M. Harrop. 1987. *Comparative government and politics: An introduction.* 2d ed. Basingstoke: Macmillan.

> This book examines many of the underlying constructs that help to categorise different types of political systems.

Nordlinger, E. A. 1981. *On the autonomy of the democratic state.* Cambridge: Harvard University Press.

Roth, D. F., P. V. Warwick, and D. W. Paul. 1989. *Comparative politics: Diverse states in an interdependent world.* New York: Harper & Row.

> This book is generally useful for its comparison of various political systems. Most chapters compare Soviet or Communist states with others.

New Zealand

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The Westminster System

Davis, G., J. Wanna, J. Warhurst, and P. Weller. 1993. *Public policy in Australia*. 2d ed. Sydney: Allen & Unwin.

Chapter 4 briefly examines the Westminster system, although its focus is on Australia.

Commonwealth of Learning Executive MBA/MPA

SC1: Public Policy

Block 4

Case Studies in Policy-Making

Course Developer: Michele Fromholtz
Lecturer in Public Policy and Management
School of Management
Charles Sturt University
New South Wales, Australia

Course Editor: Mary-Ev Anderson
Vancouver, Canada

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The Commonwealth of Learning
1285 West Broadway
Suite 600
Vancouver, BC V6H 3X8
CANADA
e-mail: info@col.org

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Block Objectives

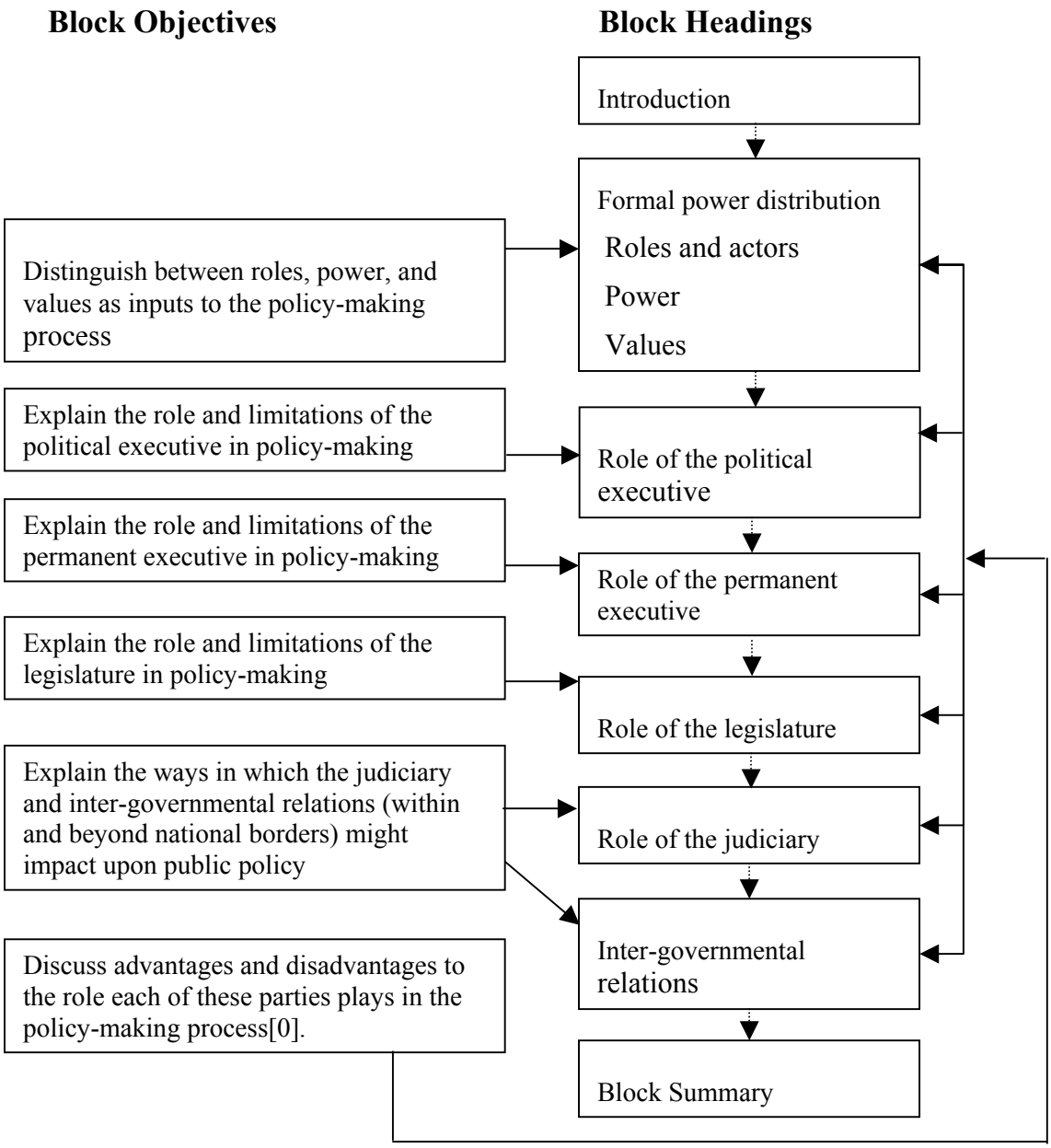
On completion of this block, you should be able to:

- distinguish between roles, power, and values as inputs to the policy-making process
- explain the role and limitations of the political executive in policy-making
- explain the role and limitations of the permanent executive in policy-making
- explain the role and limitations of the legislature in policy-making
- explain the ways in which the judiciary and inter-governmental relations (within and beyond national borders) might impact upon public policy
- discuss advantages and disadvantages to the role each of these parties plays in the policy-making process.

Focus Questions

- Who is given responsibility for making policy and how do they go about doing so?
- Do all the institutions involved act in a uniform and consistent manner in any one policy area?
- What factors impact upon the way in which they undertake their policy roles?
- Do these institutions have conflicting roles and purposes that might undermine their ability to achieve optimal policy outcomes?

Overview of Block 4:
The Policy-Making Process



4.1 Introduction

We have considered some formal models for political systems and their likely relevance to policy-making in the political system. This block presents a more direct analysis of the particular roles of each of its main players. We will be concerned with the way in which the different entities (people and institutions) work together to make policy for our societies. We will begin by examining the meaning of roles, since those entities with **formal** roles in policy-making are of most concern in this block. (We will move on to less formal roles in the next block.) We will also examine **values** and **power,** since these constitute the basic concepts for understanding how differences in opinion occur and are reconciled. Each player, or actor, has different values and uses power in differing ways to influence policy outcomes. The rest of this block will focus directly on the roles of the key components of government—the **political executive***,* the **permanent executive,** the **legislature,** the **judiciary,** and other **governmental bodies**. Thus, in this block we are still anchored in Nordlinger's state-centred focus (1981, cited in Ham and Hill 1984, p.25).

4.2 Formal Power Distribution in Policy

It is assumed that power is at the centre of policy-making in all societies. We need to understand power in order to understand how it is decided in the context of different opinions and various players. Values too, are an important concept in seeking to understand how and why people have different viewpoints about a policy and how that impacts upon the way in which they approach a policy-making situation. Bridgman and Davis (1998) explain policy as being delivered through the following broad instruments:

- policy through advocacy—arguing a case rather than forcing a result; e.g., anti-smoking
- policy through money—influencing the economy, ensuring sufficient revenue for the government and through transfer of funds for other organisations as well, and carrying out desired activities such as industry development and community health
- policy through government action—carrying out direct activities undertaken by the public sector; e.g, hospitals, building roads, and providing water
- policy through law—imposing prohibitions, restrictions, obligations and duties, for instance, upon citizens and organisations (pp. 61-65)

Whilst revisiting the notion of policy instruments (covered in Block 2) in a slightly different way, these categories help us also to appreciate the different policy activities that the legislature, executive, judiciary, and society might play in policy-making. Initially, however, a brief look at what is meant by roles is undertaken to contextualise the discussion.

4.2.1 Roles and Actors

The main focus of this block and the next will be to explore roles in policy-making. We will be exploring the explicit roles of various institutions and their human members. Many people, groups, and organisations are involved in the policy-making process. Some have explicitly defined roles; others wield influence informally. It is important always to keep these people in mind (whoever may be involved) their likely values, and their relative power. It is important also to consider whether their role is formal or informal and how that role is played out.

Understanding that stated roles do not always match enacted roles is helpful as well. While a model of government can establish equal distribution of political power amongst all its citizens, there is no reason to assume that this happens in reality (Mulgan 1989, p. 38). In an organisational context, a role can be defined as 'a set of expectations for the behaviour of a person holding a particular office or position' (Wood *et al.* 2001, p. 303). We can extrapolate this definition to institutions and/or the roles of people within types of governmental institutions. While each of the units of governance in a country might have a formally stated role, in practice this role may vary slightly, and/or extend beyond its formal limits in a number of unstated, but usually expected, ways.

As we have indicated, we need to consider who is involved at each stage of the policy-making process. The various official and unofficial participants are not necessarily specific to particular stages of a cyclical model. Interest groups may take part in evaluating policy, often through criticism, or by applying pressure for changes to policy. Public servants contribute to parliamentary and cabinet submissions and also interpret policy as it is implemented.

Complexities exhibit themselves more in the unarticulated aspects of roles. **Role ambiguity** is 'the uncertainty of a person about what other group members expect of them' and **role conflict** occurs 'when a person is unable to respond to the expectations of one or more group members' (Wood *et al.* 2001, p. 303). You will note that these definitions are made in the context of individuals within groups but they give us some ideas about how roles themselves are problematic, and not clearly defined so that can be adhered to easily. Another related term is **role overload**. This occurs when 'there are simply too many role expectations being communicated to a person at a given point in time' (p. 509). Any member of a parliament or government may readily admit that it is too hard to please everyone all the time, and decisions are often made to satisfy some of the people, preferably as many as possible as much as possible. How, for instance, can an elected representative of parliament satisfy the expectations of all his/her electors, of his/her party, of public servants, and of other groups? (The degree of satisfaction will be a relevant point in Block 6, when we will discuss optimal policy-making). As a final concept concerning roles, we can define **role negotiation** as 'a process through which individuals negotiate with one another to clarify expectations about what each should be giving and receiving as a group member' (p. 625). For example, this might be important in establishing the terms of reference for a participatory process or the implementation of a policy.

Each stage of the policy-making process might be affected by institutions. Whilst policy analysis and decision-making most clearly fall into the area of cabinet and government, all stages have institutionalised connections or connotations. Public service or government agencies are also clearly implied, and involved in all policy stages, particularly implementation. Indeed, the term '**institution'** can be used to explain 'standardised behaviours which are regularly represented throughout the political or policy system' (Considine 1994, p. 71). Without these, any society would have to keep rediscovering ways to organise itself—such institutions are practical devices to solve routine problems, for setting priorities and fixing values (p. 72). Thus elections, cabinet rules and public service norms emerge through value problems being settled through the adoption of some routine practice (p. 72). Institutions typify **formal** aspects of policy development.

Figure 4.1 from Anderson, below, represents the political system as a black box. Within it, various interested parties and processes respond to policy demands and supports (positive approval and assistance for certain policies). From these inputs, as well as from feedback from previous policy outcomes, new or changed policies emerge as outputs from the system.

The people or actors involved in the political system might include: politicians (including the opposition and backbenchers); public servants; employees of other government agencies; government institutions and departments; pressure and interest groups; private sector businesses such as multinational or national companies; the media; other countries; other tiers of government; and individuals.

Anderson (1990, pp. 50-68) classifies the actors involved as official policy-makers and unofficial participants. While this relates to the US system it can be equally applied to other situations. Under his classification the official policy-makers include government bodies such as parliament and cabinet—the politicians (primary policy-makers), and government agencies (supplementary policy-makers). These include departments, statutory authorities, the courts, and so on. The unofficial participants include interest groups, political parties, research organisations, the media, and individual citizens. (These are covered in Block 5.)

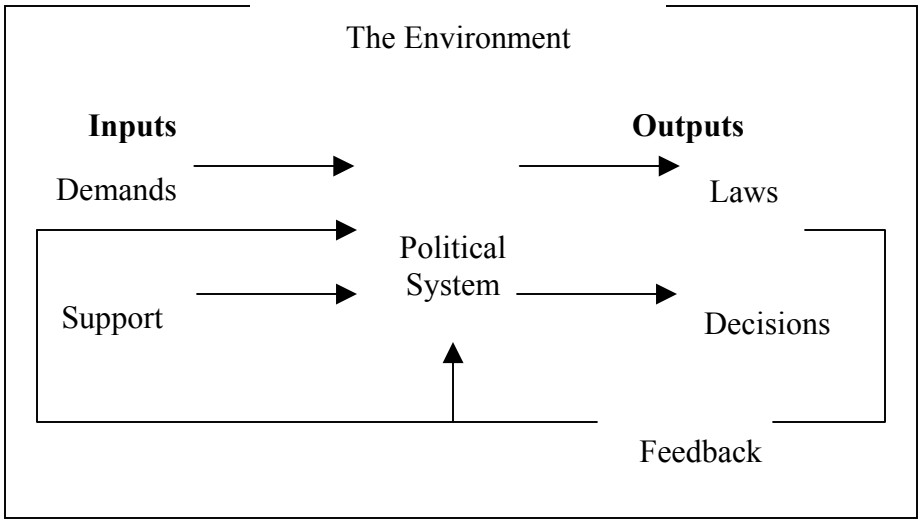


Figure 4.1: A model of the political system

Source: Anderson 1990, p. 26

Case Comments– Cases are to be found in your Case Studies Booklet

Case 2: As a useful section of this case some of the key players are listed on page 106. Also note that the Australian Tax Office had a clear view of its role that it did not want to move from—collecting taxes, not debts. As it turned out, it had already done this in the past (pp. 48-50).

Case 9: Among the key players in this case are the World Bank, the International Monetary Fund (IMF) and non-governmental organisations (NGOs), not to mention the governments within Bangladesh.

Case 11: In this case the actors broaden out to include the community itself (or members of it) and they take on roles of explaining and identifying problems and communicating them to the decision-makers. The expert role supposed to be played by the municipal employees was deficient with regard to understanding the number of toilets required and the importance of waste disposal in maintenance of toilets.

Case 12: One particular comment that is relevant to roles emerged a couple of times in this case, though it relates to government itself, rather than any individuals or groups in the policy process. That is, that on occasions there is a conflict between government's role in encouraging self-build housing through community housing groups and its role as provider of funds and legislator of regulations. On p. 171 the dependence that housing groups have on government is said to be an inhibitor of autonomy. Again, on page 172 this dependence on political patronage is said to make such groups subject to manipulation. An accountable secondary agency is suggested as a better solution (p. 171).

Self-Assessment Activity 4.1

Consider a policy issue being discussed in the media and compile a list of interested participants involved in commenting on the policy or seeking to influence its development. Plot out a list or a diagram of those who might have a formal role (in the legislature, executive, or judiciary) and those who might have an informal role.

4.2.2 Power

Consider a policy issue being discussed in the media and compile a list of interested participants involved in commenting on the policy or seeking to influence its development. Plot out a list or a diagram of those who might have a formal role (in the legislature, executive, or judiciary) and those who might have an informal role.

Power is most consistently defined in the following way:

> *A has power over B to the extent he can get B to do something that B would not otherwise do.*
>
> (Dahl 1957, p.203)

Using this definition, power is a capacity or potential to influence, which may or may not be utilised. Crenson (1971, cited in McGrew and Wilson 1982, p. 325) indicates that pluralists 'contend that power exists only when it is being exercised'. This alternative perspective highlights the need to be constantly aware of how authors define their terms and also to be aware of any assumptions they may make.

Extending from the first definition, power, in a policy context, is the capacity to influence the emerging policy of the policy-making process. Lynn (1980) defines it as:

> *...[T]he ability to bring about, or measurably increase the likelihood of, beneficial occurrences via government action.* (p. 10)

Obviously the word 'beneficial' can define occurrences, which are beneficial to individuals rather than society as a whole.

Power is used in the policy process in overt and covert ways. Bachrach and Baratz (1962, pp. 947-952) called these the 'two faces of power'. One face is overtly used; people use whatever capacities they have to openly influence others in the policy process. The other is non-decision-making, where covert forces are used to exclude some issues from being considered at all. Lukes, who introduced 'the third dimension of power', extended the debate about the issue of power and non-decision-making. He suggested power had three dimensions:

1. power that is overtly displayed in conflicts over key issues
2. power that is displayed in overt or covert conflicts over issues or potential issues
3. power as a dimension which shapes people's preferences so that neither overt nor covert conflicts exist—it makes conflict latent

(Ham and Hill 1984, pp. 66-67)

The viewpoint adopted about decision-making or non-decision-making can be important in shaping the discussion of any policy issue. For instance, when taking into account whether all options have been considered in a rational policy process it would be necessary to assess whether some options had been suppressed by the use of overt power. As well, some options may not have been considered because social preferences had been so shaped beforehand that some possibly suitable alternative solutions did not emerge at all. Indeed, in the business world increasing interest in creative decision-making and innovation recognises our failure to see the many possibilities that might provide our answers.

The power plays (or relative levels of power) of all participants will be significant at all stages of the policy-making process and may have a significant influence on resultant policy. In all of the following blocks and sub-blocks you should reconsider these issues: Whose values are predominant? How is power being utilised? The issue of non-decision-making is relevant at all stages, but very often applied to the policy initiation or agenda-setting stage. The issue of power is also very strongly linked to the section on theories of the state. (For convenience this is included in Block 5.)

Self-Assessment Activity 4.2

When considering current policy developments such as those discussed in the media, what could you deduce about the way in which power is being utilised, and whose values may be predominating?

If you can, construct a diagram or concept map that explains how power is being used in a particular case.

Present your own arguments for or against the validity of non-decision-making as a theoretical approach.

Case Comments– Cases are to be found in your Case Studies Booklet

Case 2: Note the relative power that a single individual managed to wield to have his viewpoint considered. Allen Mawer took an opportunity to suggest an idea to the Minister. Even an individual (albeit one in the Minister's office) can influence policy (p. 35).

Case 9: This case provides insight into an example of women's empowerment and how it has helped to change societal conditions, especially in relation to reproductive rights (p. 148).

Case 11: Empowerment of community members is an important part of this case as well. It enables them to learn and improve their capacity to influence decision-makers (and community outcomes) in this and other community problem areas.

Case 4: There appears to be competition for licenses from the FCC. A very clear political statement is given to argue against this on page 75. What is telling about this comment, from a power perspective, is that a government agency that is there to carefully assign the

benefits of government distribution (allocations of bands of the electromagnetic spectrum) is subject to pressure through the vast array of requests and applications it receives. While it might not be overtly political, there is every chance that power is used covertly and that having the money to invest in pushing forward an application and producing the best documentation might win the day in terms of political outcomes. The case argues for a straight auction which still has financial power but at least removes other complexities from the process.

Case 7: This case suggests that policies sometimes fail because of covert political agendas. It could be inferred that the way in which power is used may influence policy outcomes to ends that are not even clearly on the agenda (p. 136).

Case 8: Dams are apparently seen as important in the case by the policy-makers, while the author and presumably the protesters value the welfare of the people being displaced. Clearly, the author is interpreting what she thinks are the policy makers' values or lack of them. She says that the court judgement 'suggested—in breach of democratic principle—that it was a good thing for tribal peoples to be uprooted' (p. 142). She also asserts that much of the 'good' coming from the dam construction will end up 'in the pockets of politicians, bureaucrats and contractors' (p. 142). In doing this, she is not only suggesting corruption, but also drawing attention to what she sees as their misplaced valuing of wealth.

Case 12: Power is dispersed and changing in this case with many housing organisations, government, municipal authorities, banks, and other agencies involved. Over time, the balance and distribution of this power has probably waxed and waned. Certainly, in the 1930s, the case asserts that the new Liberal government was able to crystallise the demands of the new industrialists (p. 163) while on page 164 we are told that it is the rich who make the laws (presumably through their influence on government, or because government is comprised of 'rich' politicians). As the housing groups amalgamated and applied pressure they too were manifesting influence in the policy arena. The government itself clearly has legitimate power to make laws, rules and regulations and to spend public funds according to its own priorities. The allocation of funds allows it to wield influence in the areas it is most interested in. It might still be important to ask what power the very poor have had throughout the history of housing and how much others have spoken on their behalf.

4.2.3 Values

It will become apparent that there are many actors involved in the policy process. Because this is so we need to be aware of the different values these individuals and groups may have. If they are involved in determining policy (at any stage of the policy process) then their values are important.

Instead of assuming that people approach policy-making in a value-free way it is usually more valid to try to identify what their diverse values are and then to try understand how these may have an impact on the resultant policy.

Values can be said to describe what individuals find **important or unimportant**, or **good or bad**. People will have values relating to damming rivers or major industrial developments, for instance. Some will place high importance on boosting the economy

and therefore find economic solutions the most viable. Others will be more concerned with the effect on the lives of individuals in affected areas, or on environmental damage. The relative weight the voices of these different people are given (or gain through the use of power) will have an impact on the final policy. Power can thus influence which values predominate in policy-making.

We often implicitly accept that policy problems lead to answers (policies) which reflect society's values. The electoral process is expected to produce representatives who, through a democratic process, will arrive at solutions, which will satisfy the majority and thereby reflect predominant values. Figure 4.2 illustrates this viewpoint. The values of society provide a reference point for the answers or alternatives proposed. An answer is chosen which achieves the reference values and ends. The ends determine the means.

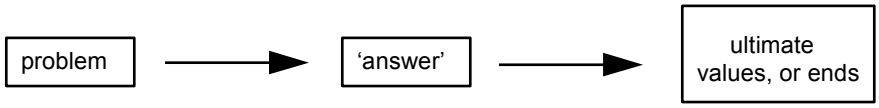
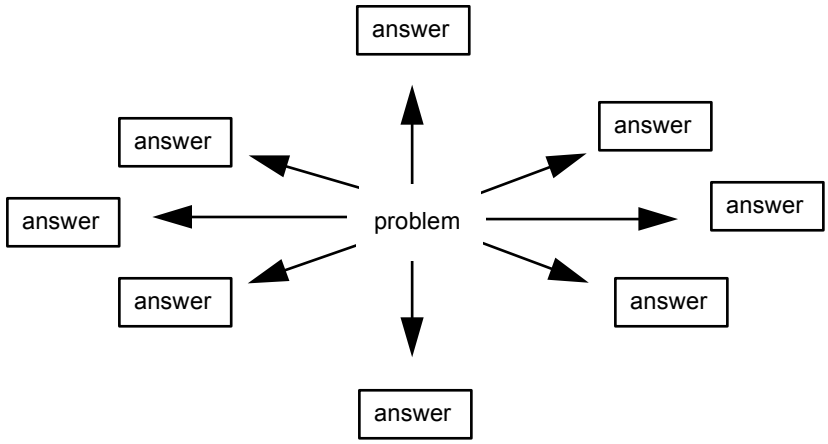


Figure 4.2: Values as a reference point for policy choice

Source: Dvorin and Simmons 1972, p. 3

We often implicitly accept that policy problems lead to answers (policies), which reflect society's values. The electoral process is expected to produce representatives who, through a democratic process, will arrive at solutions, which will satisfy the majority and thereby reflect predominant values. Figure 4.2 illustrates this viewpoint. The values of society provide a reference point for the answers or alternatives proposed. An answer is chosen which achieves the reference values, and ends. The ends determine the means. **The important point to remember is that the 'answer' is just that—one choice amongst many, not an absolute and correct solution.**

A comprehensive, rational approach would suggest that absolutely all alternatives are considered and that the process is value-free. A less rigid interpretation of this approach suggests that while many possible solutions are considered, the alternative, which is chosen reflects the reference point values. This approach then suggests that values play a part in policy choice. Figure 4.3 illustrates this.



With the recognition, however, of certain values as being of transcendent importance, the nature of appropriate answers becomes more apparent.

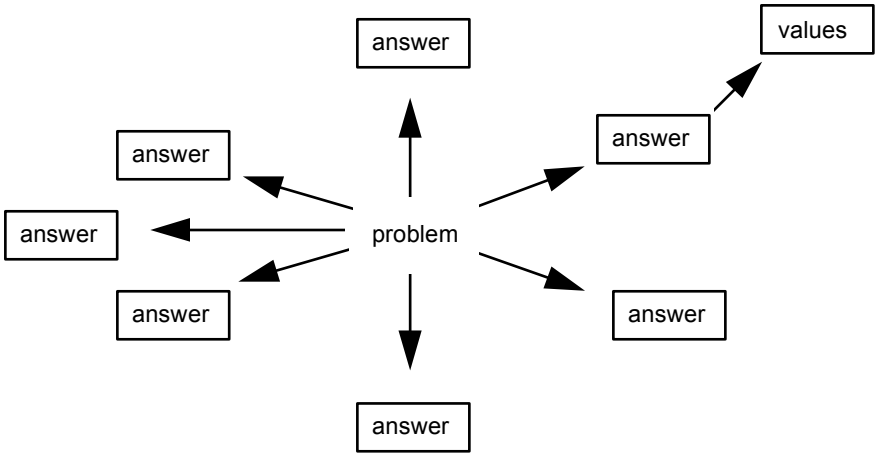


Figure 4.3: Values as a determinant in policy choice among various policy options

Source: Dvorin and Simmons 1972, p.3.

All of this is open to question. We need to go beyond this simplistic suggestion and consider whether values themselves influence the alternatives, which are put forward. This may be related to Lukes' third dimension of power. Different values will influence what one sees as an option. Figure 4.4 illustrates this.

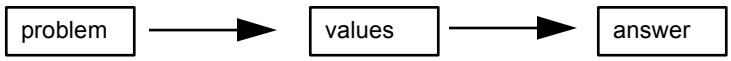


Figure 4.4: Values as a limiting factor in determining policy options

Source: Dvorin and Simmons 1972, p. 4

Here it is essential to consider who has an influence in proposing the options, which are considered when a policy is being formulated. It is also important to give consideration to who has influence over the options or actions at other stages of the cyclical model, given that policy-making occurs there as well. For instance, public servants' discretionary interpretation of policy, and the subsequent choices they make, may depend upon their particular values.

Figure 4.5 gives some indication of the complexities, which might emerge in a policy-making process. The values and power of participants and their interactions, power plays, and other factors determine the ultimate policy outcome. It is not necessary to understand the illustration fully. Its purpose here is to demonstrate the complexity of the process.

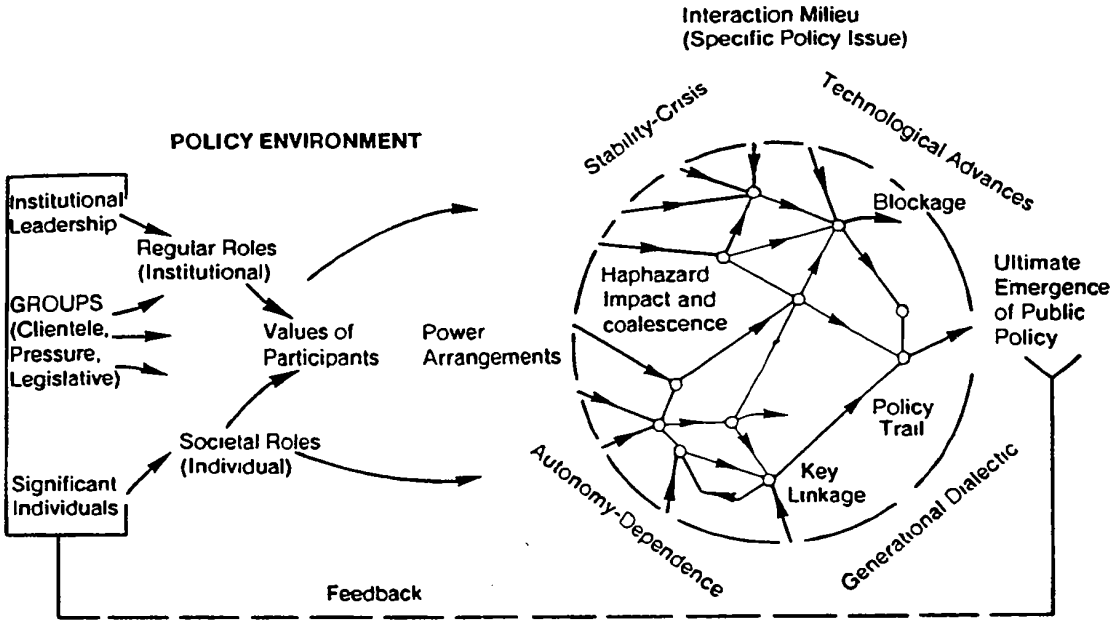


Figure 4.5: Public policy flow model

Source: Simmons *et al.* 1974, p. 467

Self-Assessment Activity 4.3

Can you think of areas where policy options may be suppressed or where the range of options is limited by the way in which societal values are shaped? If so, make copies of Figures 4.2, 4.3, and 4.4 and label them to identify how power is suppressed.

Thus, values will determine how each contributes to the policy made. Clearly, power will allow some values to prevail over others. Who you see as being most powerful will influence what you see as the source of predominant values (although in some cases you may not be able to recognise the source). Values can be influential at all stages of policy-making. The issue of values is important when we consider the contemporary context of policy (e.g., economic pressures in Block 7), as key contemporary issues emerge from predominant values of the time.

In the sections below we will address roles, power, values and the part they play in shaping policy. It is necessary to understand that no person or group of persons comes free of values, and that in one way or other, in the process of influencing policy, power is always at play.

Case Comments– Cases are to be found in your Case Studies Booklet

Case 4: Values (though not perhaps unpopular ones) are revealed on page 72 with the statement that 'competition can lower prices and increase the diversity of available services.' It is clear from this statement that lower prices and diversity are seen as important and good. Protection of consumers is also a value articulated in the heading on page 72. Having such values firmly residing in the minds of policy-makers could mean (as the diagrams in this section suggest) that they fail to see other solutions and options. Note also the comments about the FCC's discretion in setting the terms of use for the electromagnetic spectrum—and thus setting priorities. The FCC 'is not well-suited to judge whether, for example, paging systems have a higher social value than taxi dispatching'. (p. 75). Indeed, despite its legitimate role in setting these terms, the FCC itself recognises that it is not well suited to assess the relative values of the options.

Case 9: The conditions placed upon more recent loans from the IMF (for structural adjustment of the local economy) clearly reveal that 'rolling back the state' is valued (p. 146) while earlier loans were often motivated by rewarding and reinforcing 'allies in the fight against global communism' (p. 146)—another expression of values embedded in the policy of aiding certain countries.

Case 10: Different players have different values. In this case the values of the judges of the Supreme Court are revealed by their comments as being biased (p. 155).

Case 11: There are some very interesting expressions of values in the early part of the case. It is clear that different people were seeing the problem in very different ways—i.e., from the perspective of what tourists see, and from the perspective of discouraging further migration to the city. These reveal some underlying values, such as 'tourism is good', and 'slum dwellers are unimportant', and impacts upon the capacity to see solutions—'don't build more toilets because you'll just get more slum-dwellers' (p. 159).

Case 12: Even more than in most cases, the values in this case are not explicitly stated. To analyse this case, you need to ask who is saying what—about what is good or bad and about what is important or unimportant. Throughout the case, we could say that housing is valued as good or necessary by all parties involved, but there could be a diversity of opinion about what level of housing is sufficient to provide that 'good' outcome. Those in black market land sales definitely value profit more than providing housing for the poor for whom the housing is intended. Politicians might value the support of the industrialists and so be swayed accordingly. Underpinning the whole case is an appreciation of community competencies and values, which according to the author emerge from the culture of native communalism (p. 163). The new government in 1986 articulated a value of this sort in its slogan 'creating popular power' (p. 170).

4.3 The Role of the Political Executive

Block 3 presented an outline of how a Westminster system of government works, and also how some other forms of government operate or operated. In that block the various entities in such a system were discussed and the political executive was typically presented as the cabinet. According to Bridgman and Davis, (1998) cabinet's decision 'is the pivot of the public policy cycle, the point on which all previous and subsequent work turns' (p. 90). Remembering that cabinet comprises the appointed ministers of government (or the most senior of them), in this section we are mostly discussing their collective decision-making in cabinet. However, that influence spills over into parliament in the sense that ministers must support cabinet proposals and defend them when questioned. Ministers also lead or head their portfolios or departments and the programs within them on a day-to-day basis. Ministers are the linchpin between cabinet and their individual departments. They seek guidance and advice from their departmental staff and expect cabinet decisions to be executed within the departments. Departmental staff in turn assist in proposing, deciding, implementing, and evaluating policy.

Therefore, it is the role of cabinet in policy-making that is of most concern in this section. We will need to accept, however, that while the ministers will collectively make decisions, they will also be influenced by public opinion, by the advice of the **permanent** executive, by party policy, and also by parliament. Cabinet does not operate in a closed system. In typical Westminster system governments, the prime minister must depend directly upon his or her party colleagues' support in parliament. In a system such as that in the US, the president still relies on parliamentary support even though the cabinet operates outside the boundaries of parliament or Congress.

Bridgman and Davis (1998, p. 12) outline three key policy coordination areas that are managed by the cabinet, with some overlap: politics (especially party unity), policy, and administration. Ministers have a place in all three of these area, having political and policy roles and management of the administration. Roles (from Section 4.2.1 above) can

be defined in terms of these three areas as well as by institutional membership. As an example, Figure 4.6 illustrates the institutions and individuals that are involved in the Australian federal government.

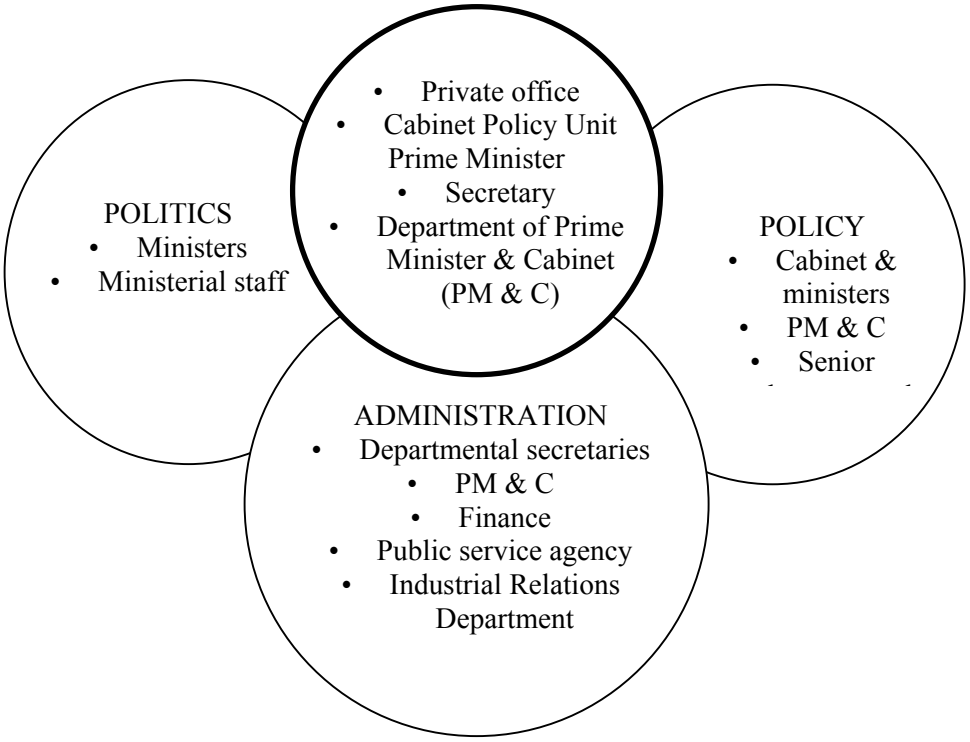


Figure 4.6: Individuals and groups involved in the three key coordinating tasks of government (Australian context).

Source: P. Bridgman and G. Davis, (1998), *Australian policy handbook,* 2nd edn, Allen & Unwin, Sydney, p. 17.

Who are the ministers and how are they qualified to make decisions for the nation? Given that they are elected representatives (as members of parliament), and appointed by the ruling party, there is no reason to expect them to be experts in their portfolio area. Certainly, we know that ministerial positions have a hierarchy, and reshuffling of portfolios occurs when a minister resigns or loses favour, or a government changes. Aucoin (1986, p. 90 cited in Bridgman and Davis 1998, p. 15) has 'tracked in detail how successive prime ministers in Ottawa [Canada] restructured central agencies to match their "personal philosophies of leadership, management styles, and political objectives."'

Ministers are charged with the duty of managing, and being accountable for, their departments. However, they do not typically have expertise in their departmental areas. Non-expert ministers are typical and perhaps preferred by departmental staff since expert

work is left to them. This has the following consequences for policy in a departmental context:

- non-expert ministers are less likely to take a narrow view of their areas of specialty and less likely to try to dominate colleagues and advisers
- intelligent 'outsiders' are more likely to see the proposals from the viewpoint of the community
- a non-expert minister might be able to evaluate the diverse and conflicting views of several experts rather than failing to see that difference in views
- the minister will manage the department effectively rather than try to be an expert in policy

(Singleton *et al*. 2000, pp. 140-141)

On the other hand, it is argued that:

- Not all ministers are disinterested and knowledgeable, so party demands might distract a minister from the above tasks.
- Non-expert ministers might be easily influenced by their expert and professional departmental staff.

(Singleton *et al*. 2000, pp. 141)

Cabinet involves a huge paper flow, with submissions and decisions coming and going on a constant basis. Often a central policy agency is in place to manage and coordinate this flow. Lengthy submissions are summarised in briefing notes for the members of cabinet (giving a key role to the public servants who may have authority and responsibility to do this). Depending on arrangements, senior officials may be asked to sit in on cabinet meetings and take notes, and provide backup information if asked. Alternatively, in some governments they may be completely excluded from cabinet (Bridgman and Davis 1998, p. 14). To streamline processes, there are strict methods, rules, and timelines for submissions and key roles for auditing and filtering material (providing more opportunities for some sway of power and values). These are usually codified in a cabinet handbook. Cabinet meetings are usually held regularly so parliament, the bureaucracy, and others can schedule their work around these meetings. Regular submissions are required, such as regular performance indicators, budget submissions, annual strategic plans, and reports (p. 91).

Perhaps the most important thing to consider is that submissions have undergone a long journey before they arrive at cabinet. For example, a department might have been asked to work on an issue identified by cabinet, and the minister's office might have offered some viewpoints, as might the minister. A submission might have been circulated to key agencies or interested parties for comment and feedback (a consultation process in action) and then the minister would have approved final amendments before it was presented to cabinet (p. 91).

The fact that cabinet is usually closed to outsiders obscures a good amount of the input into policy in that venue. Generally, to support the apparent unanimity of cabinet, collective responsibility and ministerial responsibility are required.. **Collective responsibility** means that ministers must publicly support all decisions taken in cabinet.

Ministerial responsibility means that ministers must take responsibility for the output from their departments even though they are not the only contributors to them (p. 93).

In broad terms the sorts of issues that go to cabinet include:

- new policy proposals or significant variations to existing ones
- proposals likely to have a significant effect on employment and/or the public or private sectors
- expenditure proposals, especially for major capital works
- proposals requiring legislation, except minor ones
- proposals likely to have a significant impact on other levels of government inside or outside the nation
- proposed responses to recommendations made in parliamentary committee reports
- government negotiation of, or agreement to, international treaties. (p. 94)

It would seem then that despite their authority in the department, ministers are usually subject to the strong advice, expertise and influence of their departmental staff. This leads us to ask whether such people should exert influence over the public policy that emerges from their offices. As non-elected personnel who are often permanent employees (though they can be contracted or politically appointed in some systems) how can they be held accountable for influencing policy that should be democratically decided?

Case Comments– Cases are to be found in your Case Studies Booklet

Case 2: The minister (Dawkins) was pivotal in introducing and driving this policy item. Even so, he could not achieve it on his own either in terms of his own capacity or in terms of the need to get political support from the permanent executive and his political party (including those in Parliament—caucus). He was not involved on a day-to-day basis but did appear to have someone keeping him informed (David Phillips) (p. 31).

Case 8: Taking the decision about the Sardar Sarovar Dam to the Supreme Court of India according to the author, challenged the executive arm of government (p. 141).

Case 10: The municipal workers and the police, as public servants, were executing the policy of the municipality—to get rid of the slum. They were enforcing a decision made in the court case about their 1986 eviction (p. 155).

Case 12: There is little detail in this case study about how policies were formulated by the legislature and/or implemented by bureaucrats. The process is relatively invisible and could involve appraisals, evaluations, and discussion papers, or be more random than that. Apparently political parties do have some impact on government, as demonstrated by shifts in policy with changes of government.

4.4 The Role of the Permanent Executive

The conventions of the Westminster system assume that

> *Public servants should serve their ministers and the government loyally and impartially, and provide frank, honest and comprehensive advice regardless of which party is in government.*
>
> (Singleton *et al*. 2000, p. 187)

In other systems, and now more frequently in the Westminster system, many senior public servants are politically appointed or engaged on a short-term contract based on performance. However, many traditional features remain active in the political system and are discussed below.

It has traditionally been assumed that public servants are neutral and are life-long employees of the state (though as indicated, both these points are under considerable review in current literature). Implicit in all this is the assumption that the elected representatives of the people (members of parliament and/or ministers) make policy while employed government workers (public servants) execute that policy (a dichotomy between political activity and administrative activity). However, much of the evidence suggests that public servants play a significant role in policy-making. If it can be established that elected representatives are not the only individuals who make public policy, then the **administrative/political dichotomy** is likely to be shown to be defective in providing an adequate description of policy-making as it occurs.

The other matter vital to this debate is the validity of the cyclical model. If, as some implementation theory suggests, policy formulation and policy implementation are not discrete stages of a policy-making cycle then it is conceptually difficult to support the notion that elected representatives make the policy and that public servants implement it. That is, it difficult to argue that different actors are clearly identified with a particular policy-making stage. The most typical commentary on this indicates the involvement of the public servant at all stages of the policy-making process. Lipsky's (1980) concept of the **street-level bureaucrat** helps us to understand how public servants must make policy decisions (to some degree) at the point where the policy is applied to people—that is, at street-level.

Public servants are thus important actors in policy-making. They are considered separately here because of the specific roles they are perceived to have (in terms of the administrative/political dichotomy) and because of their discretion and professionalism. It is usually accepted that those at higher levels of the public or civil service have more influence and power than those at the bottom. This is likely but should not be accepted without question. It is also important not to neglect the impact lower-level employees may have on public policy.

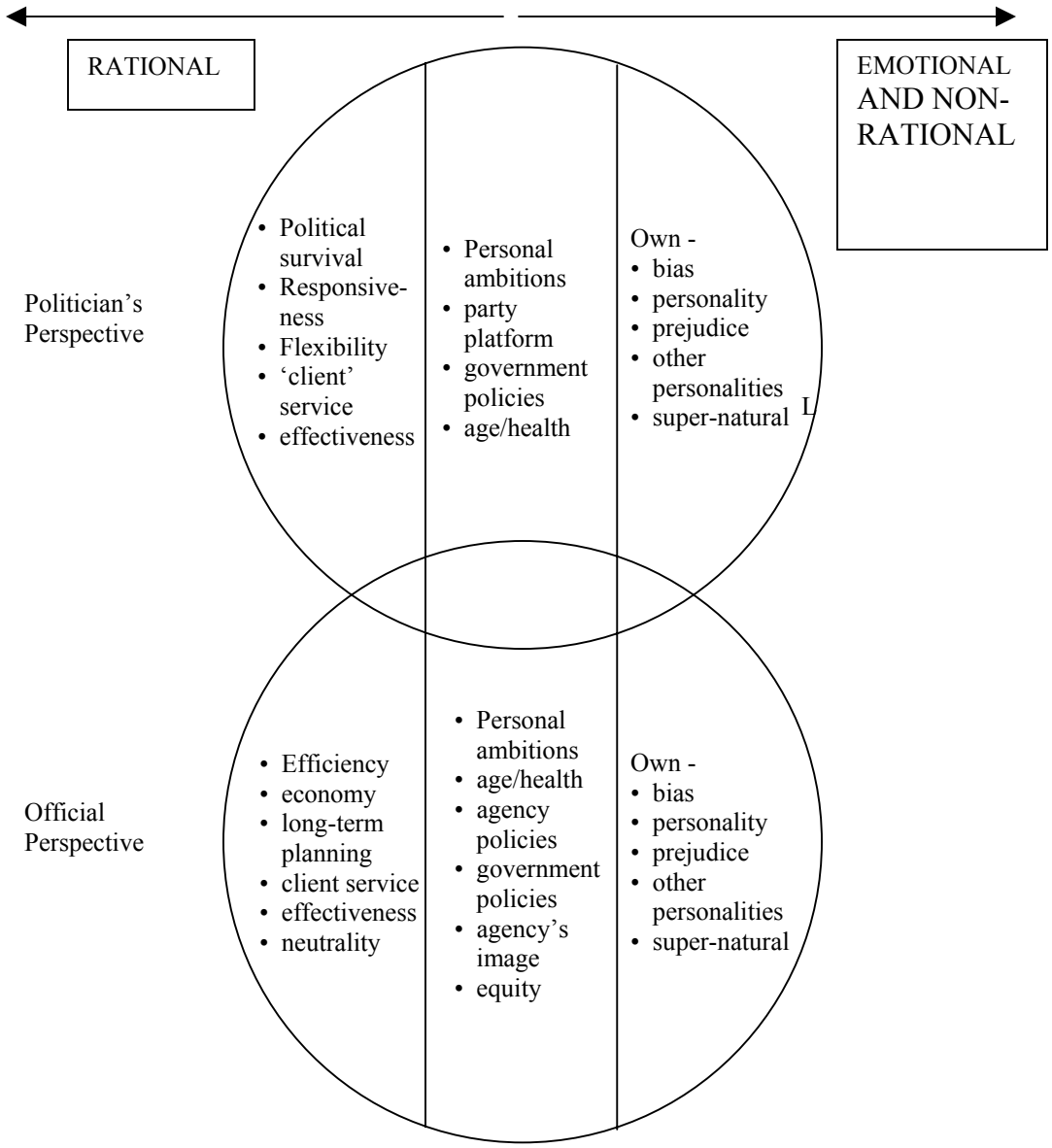
You will frequently encounter the term, 'bureaucrat.'You need to avoid automatically adopting its negative connotations and interpret it simply to mean a government employee. While some of the connotations may have validity, you should arrive at these independently and not make assumptions. There are many readings available on the

influence of bureaucrats on policy-making. They cover such issues as delegation of decision-making, bureaucratic discretion, and the values and interests of bureaucrats. Delegated legislation is discussed further in section 3.6

Discretion is an important area. Because bureaucratic discretion exists, the bureaucrats' values and interests are allowed to intervene in the policy-making process. Discretion can be defined, in general, as the scope an officer has to make a choice between different courses of action—or inaction. Discretion takes on significance because it suggests that bureaucrats can prevent or interfere with the execution of policy as formulated by elected representatives. Bureaucrats may not implement policy as stated in policy statements, but there is no reason to automatically assume that use of discretion by bureaucrats is deliberate or intended to be negative. It is simply inevitable in the light of complex policy situations. In practice, the directives of politicians leave much room for bureaucratic discretion. Bureaucrats must cope with complex tasks, interpret written directives, and also use their delegated power to deal with situations presented to them. Rules and codes of conduct are sometimes devised to contain bureaucratic discretion to some degree. (The issue of codes of conduct will be discussed further in Section 7.2, Block 7 Ethics).

A simple illustration given by Moore and Pratt, in Figure 4.7, shows the different perspectives, both rational and non-rational, of elected representatives and bureaucrats. It indicates, for instance, that a politician may be more interested in political survival while a bureaucrat may be more concerned with the image of his/her department.

This indicates that it is not just the values and power of politicians that are involved. Public servants' values and power are also considerable in view of the discretion they have at each stage of the policy-making process.



- **Figure 4.7: Political**

Source: B. Moore and G. Pratt 1981 p. 107

Self-Assessment Activity 4.4

In view of the different stages of policy-making described in Block 2, what roles do you think public servants and politicians (particularly ministers) play in different stages of policy-making? Map out or tabulate the different roles they might play in a policy area you are familiar with.

Turner and Hulme (1997) provide a table of environmental factors that affect public sector managers when involved with administration and policy-making. These are provided in Table 4.1 below:

Table 4.1: Environmental factors for public sector managers

Economic	**Cultural**
Gross national product Structure of production Labour Domestic capital Foreign exchange Foreign aid and debt Infrastructure Technology Poverty and inequality Informal sector	Ethnicity Family and kinship Values and norms Gender History
Demographic	**Political**
Population growth Age structure Urbanisation and migration Health	State-society relations Legitimacy Regime type Ideology Elites and classes International links Institutions

Source: Derived from Turner and Hulme 1997, p. 26

You will recognise many of these issues throughout this course; some have already emerged. They point to matters public sector managers will be concerned with, but also to the broader

policy environment (for all people involved). Overall, the chart illustrates once again that policy is complex, value-laden, and interrelated with many other factors.

Case Comments– Cases are to be found in your Case Studies Booklet

Case 1: The difference that the structure of various levels of government can make in a single policy area (health) is contrasted between Britain, which is highly centralised and the US, which is very decentralised and dispersed. It is worth looking at some of the implications of these differences in terms of responsibility, accountability, and effectiveness, and diversity of provision.

Case 2: Senior bureaucrats were selected to be involved in policy formulation—but only those who be unlikely to support existing education policies. The minister opted for senior bureaucrats who understood the labour market and the need for linking education and employment (p. 29). Additional expertise was recruited from the ranks of academics. There was a concern that the bureaucracy would not support the policy, so efforts were made to keep them involved sufficiently through a secretariat to achieve consensus (pp. 30-31). The senior bureaucrats in the Australian Tax Office (ATO) were resistant to the policy for what turned out to be an unsupportable reason, because they had not been bound by their cited principle in a previous case. This is an interesting example of how a determined group can resist the direction of policy development. (pp. 48-50).

Case 3: Government organisations such as the national electricity suppliers in several European countries also resisted deregulation due to their vested interests in their own futures as organisations (p. 67).

Case 5: The Environmental Protection Agency (EPA) set about examining what authority it already had to prevent or respond to such disasters. It set up an internal information network so that at least people in the agency knew how to react. It also conducted a study into other chemical companies to assess relative dangers. Such activity falls within the scope of managing government departments and the policies administered by them.

Case 7: An interesting point in this case is the difficulty with poorly skilled staff in the national bureaucracy. It is inevitable, according to the authors, that the most talented people go to non-governmental or private voluntary organisations. Thus, many of the roles typically filled by this permanent executive are being carried out by people in other organisations (p. 134). Also of interest is the apparent discretion that the NRC has in being able to define its own role regardless of the jurisdiction of line ministries. A personal relationship between the Commissioner and the President is implied as the reason for this (p.133). This is an example of how singular circumstances may change the whole flavour of how a policy is implemented.

Case 9: Foreign aid and debt are listed in Table 4.1 as environmental factors for public sector managers. The authors (Turner and Hulme) of the table suggest that in many countries public sector managers are preoccupied with debt from foreign aid. Some of the corruption that is referred to in the case may be on the part of such managers but will also occur in other parts of the political structure.

Case 11: The bureaucrats or permanent executive staff members in this case are probably engineers and other technical officers. While they might have understood the technical aspects of sanitation, it appears they ignored the scale of the problem and failed to see its social aspects. When a solution was introduced, but the result was too few toilets, or too

few that worked effectively, even more problems resulted. While the individuals' limitations in understanding the problems can be deduced, the reasons why are not apparent.

4.5 The Role of the Legislature

The power in the Westminster system originally resided in the monarch. As the system developed throughout history, that power was transferred to ministers within parliament, even though they were said to act on behalf of the Crown. In its original role parliament has always had the power to discuss executive actions, and in doing so it was permitted increasingly to question, criticise, scrutinise, and if necessary condemn them (Singleton *et al.,* 2000, pp. 102-103).

Over history, the balance of power between the legislature (parliament) and the executive has been dynamic in Britain, the home of the Westminster system (Englefield, 1985). That balance of power manifests itself differently in the various political systems we have discussed (and there may also be relevant balances to be considered in relation to the permanent executive, the judiciary, the military, and other levels of government). While traditionally, parliament makes legislation, we have seen that other parts of the system usually play a large role in developing bills before they reach parliament.

The functions of parliament or the legislature are:

- to consider, amend and pass legislation
- to supply money for the governance of the nation
- to question, publicise and investigate the actions of government (its own actions and those of other government institutions) and the needs of the community

(Singleton *et al*. 2000, p. 101)

Except for the debating, amending and approving of legislation and the supply of funds, the role of the opposition in parliament is largely reactive and critical and certainly, typically adversarial. Bipartisan cooperation is not common. There are complex procedures for introducing bills into parliament, and rules about the number of readings, debates, and the making of amendments. In reality, politicians do not sit through all these readings and debates. They make decisions on legislation through their own research, and/or that of their political and party advisers. Certainly, party solidarity dictates many decisions. Members of the permanent executive may have some influence, either through their roles of drafting legislation or circulating information about it. As well, personal political advisers may have some input.

A key point to consider is where legislation can be initiated. We have suggested that much of it comes from cabinet but there may be other sources. For example, a private member's bill or the wealth of intentional policy statements made at election time can lead to bills being proposed. Even if a bill does not come from cabinet, it will almost

certainly need to gain the support of cabinet to be passed as legislation because of collective responsibility and party politics.

A legislative procedure might resemble the following: the relevant minister usually initiates a bill, and a **first reading** occurs without debate. At the **second reading** the bill is typically debated and if there are no major objections or need for major amendments the bill can go on to a **committee stage** where its details are debated clause by clause (either by a smaller committee or a **whole house committee**). When it is sent back to parliament for a final, **third reading** there may be further debate and amendments. If there is an **upper house** of the parliament the whole procedure might need to be repeated, although more and more streamlining is occurring to minimise the workload for all involved (Chisholm and Nettheim, 1984, pp. 40-41). Assuming the bill is passed by parliament (by both houses where relevant), and assuming the country is a monarchy, **royal assent** is then given.

The amount of policy development actually done in parliament is very minimal. It is the contributors along the way—lobbyists, organisations favoured by the government and involved in policy advice, public servants and individual ministers, for instance—who wield the most power in shaping the final document.

Case Comments– Cases are to be found in your Case Studies Booklet

Case 5: Pieces of relevant legislation in this case reveal the role of the legislature in developing written laws and regulations. Also, bills were introduced to bring to amend existing legislation (p. 93).

4.6 The Role of the Judiciary

The role of the judiciary (the system of courts and judges) is often understated in policy analyses. In such cases, it is assumed that the policy of government (laws and other decisions) is made and implemented without question. However, after an act of parliament is made and accepted as being constitutional, the courts 'have the duty of deciding whether the particular legislation, or a particular legislative provision, is valid or not' (Heningham 1995, p. 74). It is commonly understood that judges may condemn or fine lawbreakers, but it is less well-known that they may also question and interpret legislation. This interpretation is a fundamental aspect of policy-making, since the way the law is stated is likely to lack the detail to define every situation or case, it may be ambiguous, or it may contradict other legislation. The role of the courts is, in individual cases or disputes, to work out what parliament intended when it passed the law. If parliament's intention is not clearly conveyed in the words of the legislation, the onus is on the judges to interpret and rule upon the parliamentary intention. The very process of interpretation allows judges' values the powers to shape policy (Chisholm and Nettheim 1984, p. 56).

The courts, therefore, have an extensive role in further refining, through interpretation and decisions on cases, what the law actually means. These processes apply not just to statute law (i.e., the acts of parliament) but also to delegated legislation (also known as subordinate legislation). Delegated legislation 'consists of laws passed not by parliament but under the authority conferred by some statute' though such law 'must remain within the authority conferred by that statute' otherwise it may be made null and void, or invalid, by the courts (Heningham 1995, p. 77). There is often a huge amount of such legislation in any country, applying to local authorities, bylaws for railways, town planning approval laws, etc. (Heningham 1995, p. 77).

The presence of courts and their extensive activity in determining cases (especially in legislated matters rather than in common law) provides evidence that this is an active part of setting precedents in policy interpretation. Even when there is no stated legislation as in received common law, there is a history of established state or public precedent so the administration and application of all law may be examined in the light of public policy. Bodies of administrative law also provide tribunals, ombudsmen, and hearings for matters of redress against maladministration or injustice etc. The active operation of this type of law is dynamic and influential in shaping policy as is applied and also in providing feedback on the application of policy.

While courts may have extreme power in interpreting and shaping policy (in accord with their judgement of the law and justice), they are not directly accountable to the people (Bridgman and Davis 1998, p. 11). It would take significant injustice or a scandal to dislodge a judge from his or her post.

Case Comments– Cases are to be found in your Case Studies Booklet

Case 4: The author of this case establishes that the courts are important players in the telecommunications policy area in the US (p. 71) with reference to some legal cases that have influenced policy. For example, the federal government's antitrust case against AT&T led to policy changes to disperse the distribution of power and control in telecommunications (p. 72). Other cases meant that monopolistic telecommunications suppliers (i.e., AT & T) could not require their customers to buy equipment from their subsidiary manufacturing companies. In essence, customers had been obliged to use only certain equipment for their telecommunications. The company that sold the equipment therefore had a monopoly on price, as well as on design and quality. The courts also opened long-distance telephone markets through a series of decisions in the 1970s (p. 78).

Case 5: There is much that can be linked to the judiciary in this case. Of most interest is the fact that it was not even clear where jurisdiction lay, and that the outcomes would likely vary depending upon which nation's courts heard the case. Some of these likely outcomes have potential economic implications—an inevitable indictment of inequality between the nations of the world. There appears to be delegated legislation also that might need to be interpreted by courts; e.g., there were 1984 Department of the Environment (India) guidelines banning the location of companies near areas of growing population (p. 85). It was unclear whether these guidelines applied to existing companies (p. 85). In the US the national Occupational Health and Safety Administration (OHSA) had also issued a 'communication standard' to companies instructing them to provide

information to their employees about hazards in the workplace (p. 94). However, there was a potential conflict since this law was weaker than some state laws in the US; in any dispute the courts would have to rule for the national rather than the state law (p. 94). Courts, too, are subject to intergovernmental relations and rules determine which court is superior.

Case 10: One Supreme Court decision affected the policy in this case. That is, that the municipality had the right to evict people who were obstructing footpaths or other public land (p. 155). The authors of the case stated that this decision revealed the social bias of the judges.

Self-Assessment Activity 4.5

Revisit the definitions of public policy considered in Block 2 and consider how they apply to the law that is applied by the judiciary. Which definitions embrace this activity and which do not? You might wish to revise your own personal definition of public policy.

Can you think of examples of a court decision leading to a significant change in policy and/or interpretation of a policy?

4.7 Inter-Governmental Relations

This section will address where the borders between different levels of governmental power lie, how intergovernmental arrangements should be managed, and especially, what impact those arrangements have on policy. We will address what impact the presence of one level of government can have on another in terms of policy development.

These issues relate not only to local, state or provincial and national or federal governments, but also to higher forms of international agreements, regional groupings such as the European Community, and international collaborations for trading blocs, defence, and other collective activities.

The presence of multiple levels of government can certainly make a difference to what policy is made, and by whom, both at central and other levels. Davis *et al.* compare unitary systems such as those of New Zealand and Britain with more **fragmented** federal systems such as those of Australia, Germany, and the US (1988, pp. 47-48). In New Zealand money allocation is centralised, and:

> *…[E]nables some coherence in dividing responsibilities, and so reduces the possibility of redundant overlaps. The power of the purse becomes the instrument of co-ordination.*
>
> (Davis *et al.* 1988, p. 47)

In a federal system such as Australia's, it is more difficult to reach agreement about who will take responsibility for what (even though some of this is constituted) and how taxes

will be levied across the different levels of government (Davis *et al*., 1988, p.47).Accepting that there is a need for intergovernmental relations, the various parties need to agree (or try to agree) about how they will work together. O'Faircheallaigh *et al*. (1999, pp. 101-106) provide two broad strategies:

Facilitating cooperation and interaction in policy development. This includes activities for constructive problem solving, generating cooperative policy responses, or providing for greater empowerment of participating institutions. The links are about resolving problems and meeting collective objectives and typically they preserve governmental discretion. Agreements are usually jointly proposed and voluntarily agreed to. 'Such links tend to encourage developmental approaches to policy based on regional or local discretion' (citing Peterson *et al*., 1986). Sometimes complex webs of committees and councils add to these arrangements (Corbett 1996, p. 10).

Seeking to limit the exercise of power and discretion at another level. This can be done via decisions and non-decisions. Particular methods include restriction, compulsion, regulation, and non-cooperation, all of which impede discretionary policy determination at other levels. The limiting tendencies tend to involve reluctant acceptance of regulatory arrangements though these are often offset by quid pro quo undertakings. In other words, there is some degree of compromise and trade-off in the arrangements.

It is also worth considering how difficult cooperation might be between levels of government since the two levels might have different sets of attitudes towards reform and policy. The central government has an added difficulty in a federal system, finding and adopting a uniform response to several parallel subordinate governments if they are of varying political persuasions. If, for instance, a particular party had executive control in a central government in a federal system and over half of the provincial or state governments were controlled by the main opposing party, those governments might pursue an agenda that diverged, both in terms of policy and politics, from the other parallel governments and the central government. This could hamper the central government's efforts.

As well, one might bear in mind how local authorities might fare using the same two strategies of facilitation and limiting the exercise of power with their relevant higher government and/or the federal government. While control for a particular area of responsibility might be predominantly at the state or provincial level, the federal government might have influence through the use of tied grants. If the government allocates money for specific purposes the state or province is usually inclined to take advantage of that source of funding. There can also be collaborative alliances of local governments and state or provincial governments, especially when trying to influence a higher government.

Finally, although we will not go into it here, there is a growing need to consider international agreements, such as those of the International Labour Organisation and economic and defence agreements, when trying to understand how governments are constrained or directed.

While much of the discussion in this regard seems to be about relations between governments (as opposed to their administrative organisations), the implications of these strategies, agreements and behaviours clearly filter down to, and affect, the ways in which public sector managers and employees must operate.

Case Comments– Cases are to be found in your Case Studies Booklet

Case 3: This entire case is about inter-governmental relations in the European Community and efforts to develop common policies for that community (in many cases having to dismantle national policies or strategies to do so; e.g., the dismantling of national price controls, p. 57). In other aspects some national issues remained sovereign. For example, it was found that there was 'no obligation to share technological information where national security was involved' (p. 60).

Case 4: Looking closely at the amount of coordination needed in telecommunications reveals a complex web of responsibility and control between federal, state and local governments (see p. 72 for a preliminary breakdown).

Case 5: It could be guessed that there was a shortage of coordination between different levels of government in India, or at least a failure to liaise over important developments in a dangerous manufacturing activity. Rather than exercising caution, the local authority attracted industry including Union Carbide with local economic development incentives and the blessing of the national government (p. 85). It seemed (according to the article) that the mayor of Bhopal 'had no idea of the potential dangers posed by the Union Carbide plant' (p. 85) and the state government was poorly staffed with inspectors (some 15 for 8000 plants in the state of Madhya Pradesh) (pp. 85-86).

Case 8: While the details are not made clear, there are three state governments involved in the building of the dam—Madhya Pradesh, Gujarat and Maharashtra (p. 141). One might assume that there is reasonable cooperation between these governments even if there is considerable public protest.

Case 9: Bilateral agreements (p. 146) are a key part of foreign aid; the recipient country is often bound to undertake programs according to the dictates of the donor country or agency. Also the decreasing amount of overseas aid means that governments have to compete for the 'shrinking pot' and may have to follow the wishes of an overseas power for their own public policy. In this case we are talking about agreements between different national governments but such impositions might also flow down to state and local governments.

Case 12: In this case the national government occasionally imposes a requirement upon the municipal authority to take action or to achieve a desired housing outcome, such as the 1928 requirement to invest two percent of their yearly budget on 'workers' housing' (p. 164) or when they were to be encouraged to make land and services available for housing projects (p. 170). There is also a reference to a weakness in the policy activity of these local government authorities on p. 171. Here it is stated that housing organisations 'represent a sort of advanced informal sector, or, seen from another perspective, an attempt to create 'local-state' welfare organisations to provide for social needs (in the absence of local authority machinery to fulfil this function'. Policy does operate between levels of government and either coordination or the exercise of power occurs. It appears that the exercise of power has been the most prominent device utilised in this case.

Self-Assessment Activity 4.6

If you can, identify any international decisions that have impacted upon policy in your own country. Alternatively, or additionally, consider the impact that federal or higher-level government might have had on the policy of lower level governments.

4.8 Block Summary

The roles of the various institutions of government are, seen from one angle, explicit, and from another angle, overlapping and blurred. In this block you have established a valuable starting position by developing an appreciation for the key roles undertaken by each institution. We encourage you to be alert to the more ambiguous roles, to the subtleties of interactions between individuals and organisations, and to the ways that power and values affect the part each plays. Also, note that the political system of a particular nation and province or state itself imposes different responsibilities on the role of each institution.

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Further Reading

The following readings will offer insights into the power, participants, and values in policy-making as well as focusing on particular institutions. Where the suggested reading relates to one particular element of this block, this is indicated. Note that some of these books have earlier or later editions which will usually fulfil the same purpose, though the chapter numbers may be different.

This is only an indication of possible readings, not a comprehensive list. You may find many other relevant sources for further reading.

Anderson, J. E. 1990. *Public policy-making: An introduction.* Boston: Houghton Mifflin.

Chapter 2 examines the various institutions and people involved in policy-making with an American focus.

Bachrach, P. and S. Baratz. 1962. The two faces of power. *American Political Science Review* 56: 947-952.

This reading will enhance your understanding of power as discussed in Section 4.2.2.

Bridgman, P. and G. Davis. 1998. *Australian policy handbook.* 2d ed. Sydney: Allen & Unwin.

Chapter 2 covers institutions in broad terms, while chapter 8 deals with coordination amongst different government departments and chapter 9 deals with the role of cabinet.

Davis, G., J. Wanna, J. Warhurst, and P. Weller. 1993. *Public policy in Australia*. 2d ed. Sydney: Allen & Unwin.

Chapter 4 focuses on the executive role in policy-making.

Fischer, F. and J. Forester, eds. 1987. *Confronting values in policy analysis.* Newbury Park: Sage.

A useful source of analysis about values in policy processes.

Ham, C. and M. Hill. 1984. *The policy process in the modern capitalist state.* Brighton: Wheatsheaf.

Chapter 8 looks at the role of the bureaucracy in a more day-to-day manner.

Hill, M. 1993. *The policy process: A reader.* Hemel Hempstead: Harvester Wheatsheaf.

Readings in Part VIII explore street-level bureaucracy. One is by Michael Lipsky, the man responsible for making the term so well-known.

Lipsky, M. 1980. *Street-level bureaucracy.* New York: Russell Sage.

An analysis of how civil servants at the lowest levels also have a role to play in administering and implementing public policy as part of the permanent executive.

Lukes, S. 1976. *Power: A radical view.* London: Macmillan.

This provides a deep analysis of power that may be successfully utilised in policy analysis.

Peters, B. G. 1989. *The politics of bureaucracy.* 3d ed. New York: Longman.

This book draws attention to the bureaucracy or permanent executive.

Commonwealth of Learning Executive MBA/MPA

SC1: Public Policy

Block 5

Policy-Making Networks and Influence

Course Developer: Michele Fromholtz
Lecturer in Public Policy and Management
School of Management
Charles Sturt University
New South Wales, Australia

Course Editor: Mary-Ev Anderson
Vancouver, Canada

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The Commonwealth of Learning
1285 West Broadway
Suite 600
Vancouver, BC V6H 3X8
CANADA
e-mail: info@col.org

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Block Objectives

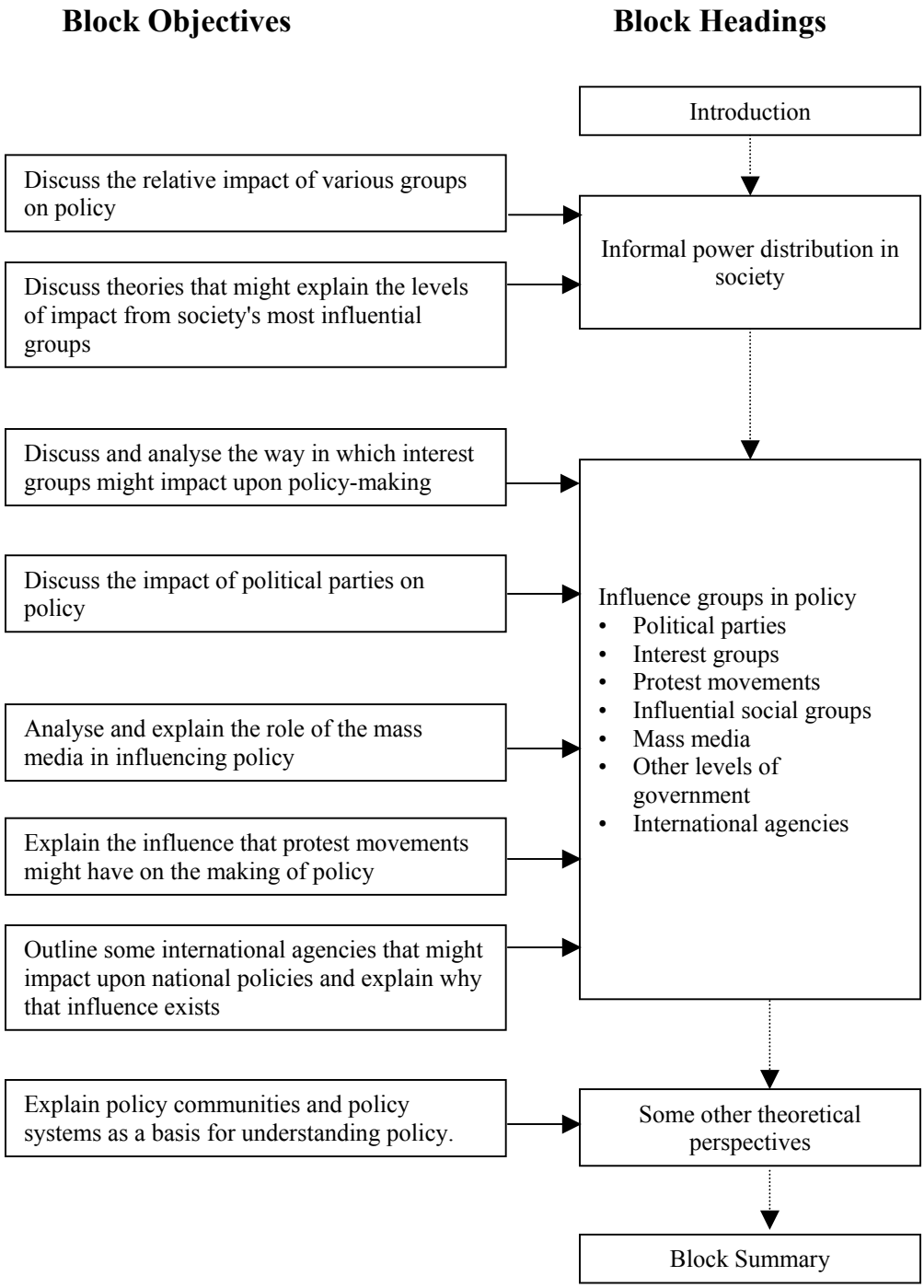
On completion of this block, you should be able to:

- Discuss the relative impact of various groups on policy.
- Discuss theories that might explain the levels of impact from society's most influential groups.
- Discuss and analyse the way in which interest groups might impact upon policy-making
- Discuss the impact of political parties on policy.
- Analyse and explain the role of the mass media in influencing policy.
- Explain the influence that protest movements might have on the making of policy.
- Outline some international agencies that might impact upon national policies and explain why that influence exists.
- Explain policy communities and policy systems as a basis for understanding policy.

Focus Questions

- If an individual or a group has a need for government action what can they do about it?
- Do citizens accept all or any policy that is determined by the policymakers in government?
- Who are the policy makers?
- If everyone wants different policy outcomes how can policy be made?

Overview of Block 5:
Policy-Making Networks and Influence



5.1 Introduction

The last two blocks have covered the formal political systems and institutions involved in policy-making. The focus in this block is on the informal distribution of power—on those arrangements and uses of power that influence policy-making even though they are not covered by constitutions and formal structures. This refers to wider society, to many institutions outside the direct sphere of government, including the many individuals, groups, and organisations that deliberately or even inadvertently have an impact on policy-making. Included amongst these agents or policy actors are political parties, interest groups, protest movements, social influence groups, the mass media, the World Wide Web, international agencies, and other levels of government, which may not be part of the formal system at that level of government. The boundaries can sometimes blur for two reasons. First, government institutions can formally call upon members of these groups to be part of investigatory or decision-making committees. Second, the relative power of some agents, such as international agencies, can allow them to sway the government in question. A unifying factor is that their actions are informal by comparison to the formal activity covered in the previous two blocks.

To provide a context for our discussion we will be considering some theories of state and of policy networks and policy communities. These perspectives can add richness to our appreciation of the complex systems in which public policy is shaped.

Public policy is a complex area. Many dimensions are involved in its investigation, some of which can only be touched upon in this course. Many forces are at play, many people and groups are involved and there are many undefined procedures and processes. These aspects of policy-making are complicated further by the human dimensions involved: the values, ethics, and power of the participants, which are often concealed or disregarded in the purportedly objective and rational process of determining policy that is in the 'public interest'.

5.2 Informal Power Distribution in Policy

A number of theorists have sought to explain who has the power to determine the way in which society is structured and operates, particularly with regard to government and policy. Therefore, they set out to define the major actors in the policy-making process. Their theories also explain policy outcomes in society. While it is not necessary for you to understand these theories in detail, they will be referred to frequently in the academic literature, so it is important to acquire a basic understanding of them.

Often, in discussing the notion of a democracy, there is an expectation that everybody can be given equal access to contribute to decision-making in a problem area—for instance, through equal access to comment, or an equal vote. The problem might not be that simple, however, since we also need to accept that people experience different issues at different levels of intensity (Mulgan 1989, p. 27). In short, people are 'affected to different extents by the same issue' (p. 27). Problems can also be 'wicked,' that is, very

complex, persistent and multi-faceted, so that it is hard to explain or describe them using a simple structure (Bridgman and Davis 1998, p. 38). The vote of a person is not simple, and not necessarily equal. The vote of a country-dweller in relation to building toll-paying roads in the city will be different from the vote of the city-dweller using the road every day. Different again, might be the vote of the city-dweller whose home will be affected by the noise and pollution of the road, both when it is being built and once it is operating. Truck drivers who are transporting goods into the city will be concerned with the toll and how it adds to the price of transporting goods, and ultimately some of the city-dwellers might be concerned by the increase in prices. The decision about such a road might involve issues of the cost of building roads and maintaining them, the effects of roads on surrounding communities, the cost of transported goods, etc.

Theories of the state deal with describing the role of the state in society (Ham and Hill 1984, pp. 22-23). There are several theories and variations, typically extending beyond the formal to embrace the informal. It is important to appreciate that these theories emerge from a variety of perspectives, values, and even purposes. Theorists may seek to develop effective tools for explaining the state (descriptive) or suggestions about how the state should be (normative). In some cases they endeavour to explain political institutions and how they operate in relation to civil society. In other cases the state is described as an agency of social power (Davis *et al.* 1993, p. 24).

Simple explanations of the main theories of the state are given below.

1. **Liberalism**—the State represents the interests of individual citizens in providing protection of their rights and liberties. Early interpretations of this theory were presented in the context of limited suffrage, i.e. only some had these rights, such as landowners, and so the theory has been criticised for promoting inequality. (McLennan *et al*. 1984, pp. 26-27).
2. **Liberal-Democracy**—this theory argues for the State to represent the community as a whole, to positively intervene to create equality and social justice, to prevent accumulation of wealth in one group (McLennan *et al*. 1984, p. 27). It is based on universal suffrage, though originally on universal male suffrage. It is often seen to be too simplistic to explain the modern state.
3. **Marxism**—the concept of classes is fundamental. There are two main classes: the bourgeoisie, whose members have their own means of production, distribution and rules of exchange; and the proletariat, who provide labour and are controlled by the rules of the bourgeoisie. The basic tenet is that the members of the bourgeoisie will monopolise state power in order to advance their own interests. The State is therefore an instrument of this dominant class even though it may appear neutral. The State reinforces the social order imposed by this system; the social order underlies the State rather than the State underlying and shaping the social order. (Held, in McLennan *et al*., 1984, p. 72) Marxism emphasises the role of economic interests in influencing political action and policy, with the State helping to maintain the dominance of particular capital-owning social groups (Ham and Hill 1984, p. 25).

4. Pluralism—occurs where 'policy is the product of government mediation and adjudication between the demands of competing groups' (Singleton *et al*. 2000, p. 299). Another way of viewing it is to see that 'constraints are imposed on the state by a wide range of groups' and that 'public policy is largely a reflection of the preferences of these groups' (Ham and Hill 1984, p. 25). The central feature of this theory is that society consists of competing interest groups with overlapping and conflicting interests. There is an infinite range of issues and groups compete in a political marketplace while the state takes a neutral role (Dearlove and Saunders 1984, p.136-138). Robert Dahl, a leading exponent of pluralism, argues a case for **polyarchy**, the system in which 'power in western industrialised societies is widely distributed among different groups' (Ham and Hill 1984, p. 27). The main problems with this approach are that it assumes every individual or interest group has equal access to, or knowledge of, the political process (Dearlove and Saunders 1984, p. 67) and ignores the fact that government bodies may also have vested interests (Ham and Hill 1984, p. 28). There is also the problem of assuming that interests divide the same ways over different issues. Political issues can be interrelated in complex ways (for instance, lower income taxes might mean lower social welfare provision) and different groups might form different alliances in different contexts. They might fail to align at all on some issues. In other cases there might be broad agreement on an interest common to all members of society (Mulgan 1989, p. 41).

   Pluralism could also be defined in softer ways. For instance, Mulgan (1989, pp. 40-41) describes New Zealand as a 'moderately pluralist' society. This entails the idea that society is not a uniform, homogeneous whole where power can be equally distributed to all but rather that 'popular power can or should be exercised by separate interests and groups' (p. 41).

5. **Elitism**—is 'the concentration of political power in the hands of a privileged group' (Singleton *et al*. 2000, p. 300). At its core it suggests that certain elite groups (e.g. the corporate sector or the military) may have control or dominance over policy-making. Such groups may have control for a variety of reasons such as technical expertise, money, power, or position (Ham and Hill 1984, p. 30). Some theories focus on the bureaucracy (public administrators) as the elite in society because of their expertise or knowledge. Ham and Hill (1984, p. 25) suggest that elitism is the equivalent of neo-pluralism, in which power is exercised by 'a small number of well-organised societal interests' (p. 25).

6. **Corporatism**—is 'the practice of giving peak representative organisations with a strategic role in the economy such as business and trade unions a say in the making of economic policy, in return for the compliance of their members in its implementation' (Singleton *et al*. 2000, p. 300). Interest groups are considered essential to help the State in its policy-making and other activities, but only particular interests are represented. Instead of

interest groups interacting in the political marketplace as in pluralism, interest groups are incorporated into the State system. Thus, an important industry group might have a powerful, incorporated, role in industrial policy, but worker groups may have little or no role. For example, peak agricultural bodies may be incorporated to the possible detriment of other agricultural interest groups. Incorporation of such groups helps governments to cope in an extremely complex world and provides assistance in policy formulation and some legitimisation of resultant policy as a result of this participation (Ham and Hill 1984, p. 35; Dearlove and Saunders 1984, pp. 147-150). The corporatist model was originally associated with Fascist and Socialist regimes but has increasingly been used in western democracies. While corporatism could emphasise any key group, typically it economic/industrial interests have had a major impact (Ham and Hill 1984, p. 25).

7. **The New Right—**typifies the sorts of policy directions many Western nations are currently pursuing. This approach identifies pluralism as causing massive demands on state funds, creating destabilisation and overload on government and reducing governmental authority and competence. Significantly, pluralism is also seen to undermine market effectiveness. The New Right's main strategy is to reduce the size of government and lessen its role (Dunleavy 1983, pp. 285-294). This contrasts with liberal-democracy, which essentially sought to increase the role of the state.

Alternative approaches to describing the state's role are described below. Note that there is overlap between some of these approaches and some theories described above.

- An administrative approach—defines the state as the institutions and practice of public power (much as we have done in Blocks 3 and 4), sometimes with an implication of total technical and value-free rationality
- An instrumental view—identifies the state as the agent of a capitalist economy or particularly powerful interest groups, with the state being tied to structural forces in society and enjoying only limited independence of action
- An 'agency of system maintenance' view—suggests that the state can act with a measure of autonomy from economic and other powerful interests, to perform a comprehensive political role that guarantees social order and longer-term goals
- A political dimensions view—indicates sensitivity to realignments of power, coalitions, and alliances, populism, culture building, political cleavages and other political processes and dynamics wherein politics 'become the state *qua* state, with the state "acting for itself"'.

(Davis *et al.* 1988, p.27)

These theories and approaches act as tools to explain the way in which different groups and individuals may operate and have power in society, and to examine what the predominant values in society may be. However, it can be argued that none provide a perfect prescriptive or descriptive explanation.

Another way of considering how this wider social activity occurs in relation to policy-making is provided by Keating *et al*. (2000, pp. 187-191). They provide five perspectives that cover some of the main theoretical ways available to look at interest groups and social movements in recent decades. Note that some, such as public choice theory, are widely used perspectives which extend far beyond the purposes of understanding interest groups.

- **Theories about parties**—currently and historically, parties have internalised interest representation, aggregation, and strategic agenda-setting.
- **Public choice theories**—individuals are rational and instrumental in pursuing their ends and will only devote energy to this when the likely benefits exceed the likely costs. Interest groups can be seen as self-seeking and self-preserving.
- **Institutional theory**—individual attitudes and preferences are largely dependent on the institutional environment in which the individual is situated.
- **Pluralist and learning theories**—pluralist ideas have been covered above. The additional information is that groups learn and adapt ideas through experience in policy forums. The discussion of entities such as learning organizations and learning communities is applicable here, given that groups with political interests are also learning entities.
- **Social movements**—social movements create a 'medium where social meanings can be constituted and contested.'

Self-Assessment Activity 5.1

What theory of the state do you think might apply to your country now? (You might need to think about who you think has the most influence on policy in general or on a particular policy). Do you think your opinion might be widely shared? Does your viewpoint depend on the issue being considered? Is your opinion only one amongst many?

In Block 7, participation and consultation will be considered. This relates to the broader case of people or actors—or may be associated with the pluralist or corporatist theories of state. If one considers elitist theory, it may be bureaucrats or public servants (the permanent executive discussed in Block 4, section 4.4) who predominate as the elites.

Case Comments– Cases are to be found in your Case Studies Booklet

Case 7: This case emphasis polyvocal policy. A sense of pluralism underlies this case, whether or not there was actual equality among the participants.

Case 8: The distribution of power is an important issue in this case. The author makes some scathing comments about whose voices are being heard and whose are being disregarded. (See, for example, p. 141) She asserts that the people likely to be displaced are being seen as expendable, and that the interests of the newly wealthy have the most influence. While many people might be trying to have a say in decisions-making, the distribution of power is not equal and a purely pluralist interpretation does not apply.

Case 12: In this case it appears that the state at times was acting as an agent of the rich and powerful industrialists when they controlled the capitalist economy (p. 163) or the laws being made (p. 164). This could be interpreted in terms of elitism or corporatism. Despite their influence, housing policy has been developed in response to other demands. For example, some social activitists have endeavoured to influence housing policy as a means of establishing social order in the light of the pressures of poverty, urbanisation, etc.

5.2 Influence Groups in Policy

The role of political groups in influencing policy is extensive. The categories proposed in this block are arbitrary, although the terms are widely understood. In practice, the field is not so easily categorized. The terminology presented may constrict some groups into tighter classifications than is true in practice and inadvertently omit others. What is relevant is that there are many, diverse individuals, groups, and institutions constantly competing to have an effect on public policy. By examining some of them and how they have been studied we can begin to get a sense of the way they operate and how they may succeed, or not succeed, in influencing emerging public policy.

Singleton *et al*. (2000, p. 301) classify groups according to whether or not their basis is economic. By 'basis' they are referring to the group's aims, resources and context, but even this is not so easily demarcated. For example, when we look at farmer groups, whose interests are often economic, we find they are also concerned with a whole range of other issues that impact upon them—the environment, and medical and telecommunications services in rural areas, etc.

Economic groups might include employer groups, unions, farmer groups, professional groups, etc. These tend to be **insider groups** in the sense that they already have formal and informal access to government (Singleton *et al.* 2000, p. 301). They might have formal representation on a government advisory board, or a key member of the group, through his or her own reputation and actions might have some influence on an advisory board or by having ministerial connections (amongst other possibilities).

Non-economically based groups usually lack the supporting funds and power of the economically based groups. We might classify these as typically **outsider groups**. They have 'limited resources…and difficulty gaining access to government' (Singleton *et al.* 2000, pp. 302-303). Their focus is often on community issues such as animal protection, 'right to life' (anti-abortion), and even such broad ideals as peace (p. 303).

Sometimes groups move from outsider to insider status, often by employing strategies for lobbying and direct action that enable them to influence government of their causes. Women's movements and 'Green' groups have been successful in this way over the last few decades (Singleton *et al.* 2000, p. 303).

Case Comments– Cases are to be found in your Case Studies Booklet

Case 8: The NBC and others are clearly acting from an outsider position—making most of their actions very explicitly acts of protest.

Case 11: These are outsider influence groups in this case, but it does seem that repeated success will enhance the chances of the alliance of SPARC, NSDF, Mahila Milan, and the community to be asked to advise in other cases.

Case 12: The insider/outsider status of influence groups in the case can only be guessed at. Perhaps the housing groups are largely outsiders while at times capitalists/industrials have some insider status. Developers could be classed as economic groups using Singleton's approach, but there is less clear evidence that they have tried to exert influence.

Self-Assessment Activity 5.2

Think about the organisations you belong to. Do any function in a political way—by advocating for the benefit of any groups, lobbying for change, helping or working with political parties, responding to government requests for submissions, or providing membership for government-established committees? Draw up your own list, showing the groups and the ways in which they function.

5.3.1 Political Parties

The main function of a democratic system of government is to 'enable the electors to choose a government by voting for various parliamentary candidates offered by competing political parties' (Mulgan 1989, p. 56) though constitutions do not typically see parties as having an essential role in the system. However, party membership is often the stronger reason for electoral selection by voters rather than representation of the particular constituency or electorate (pp. 56-57). Indeed, 'party support and loyalty are such important factors in determining leadership in the Westminster system that they are

most often characteristic of ministers, rather than qualities like the ability to analyse policy' (Singleton *et al*. 2000, p. 140).

Relationships in the Westminster system, according to Singleton *et al.* (2000), are as such:

- *The Prime Minister depends directly upon the support of his or her party colleagues in order to gain and retain office, which can leave him or her with political debts.*
- *The government must retain majority support in the lower house in order to hold office (that is, it is not necessarily elected for a fixed term). This makes the maintenance of party loyalty and discipline extremely important.*
- *Ministers tend to gain their appointments after a lengthy political career in their party and in parliament. As a result, many politicians fail to attain high office, and those who do last the distance tend to build their own base of support within the party and in parliament…The Prime Minister must take these factors into account when exercising power.*
- *The presence of a large number of influential people within the parliament gives them added strength over their party colleagues and contributes to the executive's dominance of parliament.* (pp. 140-141)

The entire process of developing party policies, working with parties to gain pre-selection and then election into parliament, and then working with party colleagues in parliament introduces a huge dependence on the party machinery. At times parliament seems to be simply a vehicle for party action and/or adversarial party politics. In Westminster systems the dominance of parliament by parties seems to be increased by the role of the political executive or cabinet (Ward 1995, p. 24). The strength of this political institution and its party membership draws attention to the power of parties, including member ministers, members of parliament and the extra-parliamentary structure of the parties. The latter refers to a structure of regional and/or state branches of the party, their rules, regulations, and personnel. Whether this is deemed to be good or bad, it might seem important to question how else the diverse opinions of so many elected representatives could possibly be organised and reconciled.

Self-Assessment Activity 5.3

What political parties operate in your country? Which ones are successful and which are not? Is a single political party in power or a coalition of parties? How much do you feel the ruling party controls or influences the policy that is formed? How does this happen?

Case Comments– Cases are to be found in your Case Studies Booklet

Case 2: In this case the political party is important because Dawkins had to convince his political party—the Australian Labor Party—to change its political platform to accommodate his proposals. The party certainly held power although in the end it was

readily convinced of the proposal (pp. 44-46). A party's policy statement or preferences actually has quite a potent effect on what its caucus can do in government.

Case 12: There are certainly political parties exerting influence in this case but little is explicitly stated to show how opposition parties influence government decision-making.

5.3.2 Interest Groups

According to Singleton *et al.*(2000, p. 296) an **interest group** is 'formed to promote and protect a specific interest'. Unlike political parties, that might have similar aims, they do not seek to hold political office (p. 296) though sometimes it seems that they do put candidates up for political office or at least affiliate with smaller political parties that put up candidates. For instance, anti-logging groups or conservationists may be allied with 'Green' political parties,or resident action groups may align with 'social democrat' or 'labour' parties.

When defining the groups that seek to influence policy-making, a few terms are used as titles and also to describe modes of operation. Much of the information in the following sub-section on interest groups applies equally well to protest movements and social influence groups in the two sub-sections thereafter.

'Pressure group', for instance, might be misleading as a term since it emphasises a mode of trying to influence which is aggressive, confrontational, and, depending on one's point of view, inappropriate (Mulgan 1989, p. 104). Ward (1995, p. 25) defines pressure groups as those that seek to influence policy decisions (quite a simple definition that does not deviate from our understanding of interest groups, although there is a clearer emphasis on influencing government). Pressure groups could include professional medical associations, producer groups, women's groups, and automobile associations (Ward 1995, p.25).

Since governments often openly consult and cooperate with groups the term 'interest group' is preferred—it helps to connote the group as one that is politically legitimate (Mulligan 1989, p. 104) though it might also appear to exclude those outside the interest area. On an international level, the G8, the controversial group of the world's eight richest nations, is abhorred in part because of its exclusion of the other nations of the world. It could be viewed as an interest group seeking to influence world politics, although sometimes the governments it influences are those of its own members'.

'**Semi-public or private groups**, variously described as 'interest groups' or 'pressure groups' aim to articulate the interests which their members share on particular areas or questions of government policy, and to attempt to influence government in their direction' (Mulgan 1989, p. 39). Some are big, with permanent staff and offices that have functioned for many years (pp. 39 and 104); some are much more informal and transient with voluntary labour (.pp. 39 and 104). They may have a self-interested focus (for instance, the interests of a profession) or may be altruistic (concerned with the disadvantaged or the global environment, for example) (p. 104).

> *The authority of interest groups is in many cases publicly guaranteed by statutes which establish their powers and membership or which determine their right to be represented or consulted. Other groups are independent of formal structure of government. All interest groups, however, share the common aim of trying to secure government action favourable to their interests.*
>
> (Mulgan 1989, p. 39)

Interest groups are often in competition with each other to sway the policy decisions of governments. However, interest groups can combine to influence government decisions and policies (Mulgan 1989, p. 103). Their influence can be exerted at many different points of the policy process (p. 103). For instance, pressure can be directed at a government department, an independent public body such as a corporation or statutory board or an advisory committee (p. 103).

According to Mulgan, the ideal interest group would have the following features:

- membership open to all who share the interest in question
- a federal structure consisting of constituent branches and a national organization
- provision for regular contact with government officials and politicians

(1989, pp. 103-104)

Corporatism implies that interest groups play a key role in legitimately helping government make decisions (Mulgan 1989, p. 105). However, the pluralist approach can equally accommodate interest groups in its way of framing the political world. Private organised groups can compete for political influence in the political arena. (p. 105)

How do interest groups to influence policy? Various groups employ quite a range of activities to different degrees. They include:

- Meetings, advertisements, letters to the editor, interviews on television and radio, publicity, etc. All these are designed to acquire political status and to put the area of interest on the government's agenda.
- Campaigning in support of a political party's policies in elections, or against another's policies. The aim is usually to ensure the success of one candidate (and/or party) over another.
- Negotiation with other groups and building alliances—this is an ongoing function and one that enables the building up of political strength and influence as well as more fertile communication about policy areas. For example, in Australia the National Farmers' Federation has worked closely with Aboriginal groups in negotiations over land rights.
- Attracting new members and funding.
- Lobbying the bureaucracy or public service—especially since so many policies begin their lives through the work of middle-level public servants' research and proposals.
- Research and analysis—presenting well-researched and substantiated proposals or submissions that suggest solutions to particular problems. Many groups employ research officers.

- Lobbying ministers—often a strategy of last resort since ministers are busy and do not like to make decisions without the support and advice of their departmental advisers.
- Lobbying ministerial staff—these staff members are **gatekeepers** between departments and the minister and between groups and the minister and thus hold considerable power to influence what is 'heard or not heard'.
- Hiring professional lobbyists—to make submissions to government as the need arises. Although this is a costly exercise, access to funds might, inequitably, make the difference to an interest group's success.
- Court action—taking cases to court to contest issues or applications of policy

(Singleton *et al*. 2000, pp. 303-305)

Another particular kind of interest group worth mentioning in relationship to policy-making is that of think tanks. These are typically privately funded entities that focus most strongly on economic policy and seek to influence governments with reports and research findings, as well as policy proposals and position statements. Their most distinctive feature is 'engagement in strategic issue advocacy' (Keating *et al*. 2000, p. 184).

Case Comments– Cases are to be found in your Case Studies Booklet

Case 2: The HECS policy progressed without too much opposition but there was concern about interest groups with care taken that the 'specific proposals would stand up to scrutiny by the interest groups most likely to be critical of change' (p. 37). In the end, opposition came when the policy was finally released and the decisions about financing the policy were revealed. Strongly in opposition were the National Union of Students (NUS) and its vocal Vice-President Kiri Evans. She spoke extensively against the funding arrangements (p. 43 and p. 47).

Case 8: Any of the actions of the NBC and other people objecting to the Sardar Sarovar Dam can be seen as those of pressure or interest groups. However, since their actions and tactics are so clearly protesting against the dam this case is studied in section 5.3.3 below.

Case 11: There is pressure and interest group activity in this case with an alliance of such concerned groups working with the community to lobby municipal authorities about sanitation. It appears that they are relatively successful in doing this.

Case 12: At the end of this case there is a discussion of recent developments in the area of Colombian housing policy. There is a strong shift toward coalitions of housing organisations forming to apply pressure on government to influence its policies. The housing organisations have been very separate from each other and the 'lack of a single co-ordinating body made the possibility of developing a strong movement, able to voice its own demands, more difficult' (p. 170). The amalgamation of some of the coalitions helped to set up a body that could voice more strongly the needs of popular housing (p. 170).

Self-Assessment Activity 5.4

Identify some interest groups in your country. Use the list of Singleton *et al*. (2000, pp. 303-305) above to think about the ways in which they influence policy and compile your own brief list.

5.3.3 Protest Movements

Protest movements are inherently interest groups. What sets them apart is that they protest against action, rather than advocating for new action or playing a part in the development of new policy. Most are concerned with objecting to, bringing about a change to, or ending existing policy or practices. They are not focused on getting items on the policy-making agenda, or not directly so. However, interest groups that have a protest component may combine these functions

Case Comments– Cases are to be found in your Case Studies Booklet

Case 8: The level of protest activity occurring in this case was extensive and very visible. The NBC petitioned against the dam, and protested in the Supreme Court of India. Protesters took action to draw attention to what was happening or about to happen with the government policy in relation to the dam. The leader of the NBC, Medha Patkar, and probably others were involved in struggles against the dam and worked towards recruiting more supporters. She was willing to telephone and lobby anyone who might have had influence, including the Chief Minister (p. 141). Protesters lobbied the World Bank and gained its support by getting it to cancel its commitment to the project (p. 141). The pressure and protest activity grew to a worldwide effort.

Case 10: There is a protest movement of sorts occurring in this case, though sometimes it might be better described as an interest group (a residents' society serving the slum-dwelling community). When Gurubai Koli, her husband, and actress Shabana Azmi begin a hunger strike they take on the characteristics of protesters (p. 156).The Cuffe Parade/Colaba Residents Association, representing the rich apartment-dwellers, is also an interest group.

Self-Assessment Activity 5.5

Can you think of any strong protest movements in your own country? Use the list you drew up in your previous Self-Assessment Activity to aid you in identifying protest movements or activities in recent years. Scan the newspapers for examples.

5.3.4 Influential Social Groups

There is a range of social groups that have influence. Singleton *et al.*(2000) define 'new social movements' as those 'groups of citizens who work to change the value and culture

of society' (p. 312). Keating *et al.*(2000, p. 182) explain social movements as movements that represent a distinct political formation, with interests other than material interests. They demarcate nine major issue movements that have emerged since the 1960s as: women's, peace, environment, consumer, gay rights, animal liberation, ethnic, black rights and the 'New Right' movements (p. 182). Many of these organisations are effectively organised. Some, such as the environment movement, have a huge following and experienced campaigners (pp. 182-183).

In addition to considering social movements we could also put into this category key social groups that might have influence—religious organisations, cultural institutions, large businesses and so on. Religious groups or church leaders are typically outspoken when issues of 'moral' concern emerge on the party agenda, such as issues of abortion in the US, and *in vitro* fertilisation in other countries. Agricultural organisations are also often pivotal in commenting on trade policies or in calling for assistance in times of rural adversity. In some areas, universities or their academic staff members are heard because of the expectation of knowledge or expertise.

Self-Assessment Activity 5.6

Can you think of any social movements in your own country? What key institutions exist in society that might speak out about policy? Use the list you drew up from your previous Self-Assessment question to aid you in identifying any key social institutions or movements in recent years. Use the newspapers for examples.

Case Comments– Cases are to be found in your Case Studies Booklet

Case 1: The medical profession is clearly a stalwart of opposition to many health policy changes. Note the comment, 'the extent to which any state is able to confront, cooperate with or defeat organised special interest groups is a key index of the state's autonomy' (p. 16). The medical profession is seen as one of the most powerful, best-organised and well-connected interest groups (p. 16). British doctors played a significant role in making final decisions about resource allocations largely due to their professional (clinical) expertise (p. 16).

Case 2: Note the clever use of 'reform-minded' university vice-chancellors (the purple circle) to get people on-side of the policy (p. 43).

Case 3: In this case, vested interests such as the oil companies blocked the desired common energy solution. These companies wanted to avoid European Community regulation and were given a voice by the Dutch and the British (p. 67).

Case 4: The influence that businesses can have on policy-making is demonstrated when the effect that major players can have on a government's regulations is discussed—'businesses protected from competition can use the political process to prevent entry to new competitors, while at the same time demanding freedom to enter other markets' (pp. 74-75).

Case 6: Traditionally doctors and other medical professionals have had a lot of influence in health policy (p. 103).

Case 11: Mahila Milan, as a network of women's collectives that has at its heart the aim of training women to participate centrally in decision-making (boxed section p. 161), is concerned with the advancement of women's issues and welfare across a wide area. As such it would probably be targetting not just single issues such as sanitation but also the way in which women are valued and treated in various parts of society.

5.3.5 Mass Media

By 'mass media' we mean newspapers, radio and television. The World Wide Web may also be included in this category; however, because there are so many sites and opinions expressed, it is arguable whether all of the following points may apply). The mass media are 'significant agents in opinion formation' (Keating *et al*. 2000, p. 185).

The media serve as an important outlet to tell the public:

- *what is going on about us*
- *what leading politicians say, and what they look and sound like*
- *what are the important issues and problems, and*
- *what is happening in our own country and abroad.*

(Singleton *et al*. 2000, p. 305)

Thus the media have a crucial role in influencing how citizens look at political action (and policy decisions) and how they might have their values, attitudes, and opinions reinforced, or changed (Singleton *et al.* 2000, p. 306). The main elements that affect this are the **selection of items** to use (p. 306) and the way they are presented. The main issues here are:

- Not all news is **new**, and the media can replay old themes to extend and increase its relevance.
- The media may concentrate too much on the Prime Minister and the Leader of the Opposition to the exclusion of other important government policy action.
- The media must get issues to air or in print in very short time frames—they cut corners and do 30 second grabs to the exclusion of presenting a richer picture of what is going on. Issues tend to be presented in opposing, black and white ways, lacking the more realistic shades of grey.
- The news focuses on mistakes and failures more than successes or day-to-day competence.
- The focus on newsworthiness means those interest groups playing the political game best have the most chance of being heard through the media—either outsider groups creating newsworthy stories such as protests and scandals or insider groups getting their message across through professional presentations.

- While professional journalists express pride in objectivity and balance, often it is the emotional colour of stories that is of most importance. Much of this is predetermined. For example, workers' strikes will tend to be portrayed as negative or wrong, no matter how justified. The **values** of the media (there will be many) are clearly involved here

(Singleton *et al.* 2000, pp. 306-307)

A vital point in relation to the media is the issue of fairness. Information about politics and government should be presented fairly but because it is done in a cultural context this is difficult. Some of the reasons why are as follows:

- Because most of the media are privately owned, its owners' or editors' values may impact upon its content. Journalists who share their values are more likely to be employed. The ownership of media and its undue risk of too much concentration is a big issue in some countries (such as a small country like Australia where monopolies or oligopolies easily occur). There is also a tendency for people to have preferred sources—these often reflect real or perceived political biases in the media entity so a person selects his or her own view of the news in this manner.
- Fairness is impossible to guarantee and any negative impression is not easily undone. Retractions or apologies seldom carry the same weight; a good news story the day after a bad news story does not linger in people's minds as effectively

(Singleton *et al.* 2000, pp. 307-308)

Keating *et al.* (2000, p. 185) include the Internet or World Wide Web under their heading of 'mass media' and apply the same sorts of comments that have been covered above. Singleton *et al.* (2000, pp. 310-311) emphasise the importance of the Internet competing with the mass media in influence on political reportage:

- Not only are major media outlets able to present their material, key issues can get special coverage. For instance, former United States President Bill Clinton's four-hour videotaped evidence before the Grand Jury in what is known as the Monica Lewinsky case was available in full for people who could access it on the Web.
- Groups can set up their own websites much more cheaply than they can gain access to major media outlets, providing the opportunity to get their stories out to a wide (and transnational audience).
- Ministers and departments have their own websites to provide their own version of what they are doing—typically in full detail—providing policy summaries (or full versions) for public perusal. Thus it is easier for the public (individuals and groups) to gain access, reducing the advantage that rich insider groups may once have had.

Self-Assessment Activity 5.7

From your reading of newspapers, listening to radio, watching television, or even using the World Wide Web, think about the times when the media might have influenced the government in its policy-making. Think also about how you, individually, might have been swayed in your opinion by what you saw or read. Ask yourself whether the media have any influence over policy and also how much, working through some specific examples if you can. Finally, comment critically upon the usefulness and rightness of the media's role in policy-making. Are the large media organisations merely equals amongst the other players or do they have too much influence?

Case Comments – Cases are to be found in your Case Studies Booklet

Case 2: There is a brief section in this case devoted to the press, which seems to demonstrate fairly even-handed coverage of negative and positive comments (pp. 46-47).

Case 8: The media played a key role in this case. The magazine article is one example of implicit media involvement. By contrast, the appearance on television of the leader of the Narmada Bachao Andolan (NBA), Medha Patkar, is an example of explicit media involvement. There were journalists interested in the protest movement, as evidenced by their lunch with the author of the article (p. 141). Patkar probably used the media, mostly television, to gain popular support for her group's cause. The media cooperated by televising an interview with her. Her tears presented a very emotional picture, which was probably influential. (p. 141 and p. 142. Whatever her intention, she succeeded in raising awareness of the issue, and specifically of the protest against raising the height of the dam. Key international figures like Booker Prize-winning author Arundhati Roy, through the media, gave the issue more international exposure. Finally, the media's role become part of the picture when comments made by Medha Patkar and others like Arundhati Roy led to them being charged with contempt of court (p. 143).

Case 9: Although this case does not actually mention it, wasteful use of funds has been reported in the Western media and may have led to reduced confidence and a reduction in aid as a percentage of rich countries' GDP (pp. 146-147).

Case 10: The media was directly and indirectly involved in this case. First, an individual journalist who was supportive of the slum-dwellers visited the site with other influential members of Nivara Hakk. Second, the presence of the celebrities at the re-occupation of the site meant they were watched and gained full media coverage the next day (pp. 154-155).

Case 11: The article's very presence in a popular magazine (albeit one focused on international welfare issues) is an example of media support.

5.3.6 Other Levels of Government

The number of 'other' levels of government that might impact upon policy-making will depend upon the structure of government in the country. In federated countries there may be a federal government, as well as state, regional and/or local governments. The US, for example, has federal, state and local governments. There might also be some other representative bodies, such as catchment boards, harbour boards, electric power boards, (Mulgan 1989, p. 40) and regional development boards.

'Members of local communities share certain needs which are best provided for by local agencies, with the coercive authority of government to raise revenue and enforce compliance with local regulations' (Mulgan 1989, p. 40). Local agencies can express needs to higher levels of government (for instance, the need for flood mitigation works or new road funding) and also implement central/federal government programs (such as building the roads).

It is important to remember that policy in the other direction occurs also, perhaps more powerfully and automatically. If the higher level of government is the source of most revenue and makes grants to the lower level government, these grants can tie the hands of the lower government to undertake the required action with the funding.

Case Comments – Cases are to be found in your Case Studies Booklet

Case 4: Other levels of government operate alongside the federal government. Thus, while there are problems with the way the current telecommunications policy works in relation to supply and innovative development of equipment, other states use incentive regulation that help to alleviate the problem (p. 76). Thus, state governments can undertake policy that counteracts or complements federal policy. States also approve competition at the level of local service providers (p. 77).

Case 10: This case involves two levels of government—state and local. Most of the action occurs at the local government level, with the municipality taking a range of actions. The state government intervened after the fire destroyed the slum in 1985, promising cash aid of about 100 rupees per person. It also promised that the slum would not be demolished but later insisted that the people could not stay (p. 155).

Case 11: Clearly about local government, this case reveals that policy occurs at all levels of government and is not just the domain of national governments.

Self-Assessment Activity 5.8

How do the lesser levels of government seek to influence policy in your country? How are their policies shaped by the funding, grants, and rules of higher levels of government?

5.3.7 International Agencies

International organisations such as the World Trade Organisation (WTO), the International Monetary Fund (IMF) and the Organisation for Economic Cooperation and Development (OECD) have grown in influence (Keating *et al.* 2000, p. 121). International law also has an impact on policy in the following ways:

- International treaties that may bind participating signatory countries
- International agreements or reports from organisations such as the International Labour Organisation—these tend to promulgate principles and standards which ought to be adhered to in all parts of the world
- Court decisions wherein a decision is made that incorporates a rule from the above into domestic law—this is most likely to happen in cases of uncertainty, obscurity or ambiguity in a domestic statute
- Cases where a nation will look to other countries' laws for ideas and precedents to guide it in its new policy development

(Keating *et al.* 2000, pp. 216-221)

Other international effects on policy are financial and 'best practice'. The granting of financial aid comes often with specific conditions, thereby tying a nation to undertake certain programs. Other organisations, such as the OECD, provide much information on the performance and strategies of its member organisations. It also plays a role in encouraging the adoption of the best of these practices by the remaining members.

Case Comments – Cases are to be found in your Case Studies Booklet

Case 5: In an odd twist, the short-term contribution by Union Carbide as 'systematic emergency relief' was the impetus for immediate government action to be taken to help deal with the crisis. While not careful and rational policy, it was nevertheless the basis for action to be taken on the basis of international funds.

Case 7: There are some strong criticisms of international agencies for not understanding the social and cultural conditions of the country in which their policies or actions are being carried out (p. 122). International agencies involved include the United Nations High Commission for Refugees (UNHCR), Save the Children Fund (SCF) and the US Agency for International Development (USAID) (pp. 124-125). There is also a useful comment about the incompatibility (sometimes) of the funding cycles of agencies and the long-term needs of communities (p. 127).

Case 8: Indirectly, the World Bank has had an impact on this policy—first, by supporting the building of the dam and later, by withdrawing its support.

Case 9: International agencies are at the heart of this case study which demonstrates the very marked effect they can have on society in a recipient country. While there is an acknowledgement of improvement due to the aid (see the list of improvements on p. 146), there are also unfortunate impacts in the way of increasing the gap between rich and poor (p. 145), as well corrupt distribution of money (p. 147 and p. 148).

Case 12: The loss of American funding in the 1980s did have an impact upon policy and meant an increasing need to rely on self-help housing (p. 171).

Self-Assessment Activity 5.9

What impact are international agencies having on policy in your country? How inhibiting and constraining is that? Do any benefits arise, in a policy sense, from this influence? Would the country be better off without this influence?

5.4 Some Other Theoretical Perspectives

The above discussion gives a brief outline of some of the contributors to public policy in complex societies beyond the scope of the machinery of government. It demonstrates that policy is not simply made within the confines of government, indifferent to public opinion and action. Nor should it be, in a democratic country where we expect governmental decisions to reflect and be accountable to public opinion.

Other authors offer the ideas of policy systems, policy communities, and policy networks to examine and explain how the interactions of the actors in the complex policy-making arena influence policy. The notion that policy is shaped by a range of people in a political situation contrasts with the concepts of the single, rational decision-maker and of streamlined parliamentary decision-making. Davis *et al.*(1993, p. 144) define policy communities as, collectively, officials and leaders of groups who have a common interest in a particular policy field. For instance, a policy community may form around the issue of a national medical system, or around the management of a waterway. The policy community may include pressure group activists, interest groups, government officials, ministers, parliamentarians, independent consultants, and journalists (p. 144). 'The policy community shares a commitment to policies, programs, and ways of doing things' (p. 144). Policy communities can be very conspicuous and cohesive, with their players knowing each other and working together, or at least openly reacting to one another's positions. They tend to desire the survival of the existing institutional arrangements that give them a voice in the policy area. However:

> *Within the framework of a policy community they will fight for favourable policies, oppose rivals, do deals and contest the rules. A policy community does not mark the end of politics in a particular field; rather it provides agreement between competing interests on common values and a framework for negotiation.*
>
> (Davis *et al*. 1993, pp. 144-145)

You might be able to see the potential here for a corporatist understanding of the state and the relative dangers of such an approach that was outlined in the first section of this block. Indeed, a policy community can be 'a conspiracy against the public' (Davis *et al*. 1993, p. 145 using a term of Adam Smith's) if it dampens the voice of opposition and

gains a power of its own to the exclusion of other voices. Policy communities segment policy-making into categories (p. 145) and then often work to defend their own existence. But such categories can preclude us from seeing the connections between policy areas. For example, attainment of education is probably tied to socioeconomic circumstances, not just to the provision of a public program offering equal access. Failure to see such simple links, or far more subtle ones, does fragment and separate policy into unrealistic boxes. There are arguments that claim that the prevalence of interest groups speaking up about policies actually prevents governments from making coherent policy:

> *Government requires that a national, coherent view and scale of priorities be achieved. The multiple subdivision of groups and the proliferation of functional and technical specialities has complicated, perhaps overwhelmed, the capacity of the public choice system to perform this task. However cooperative particular groups, or groups of groups may be, their disposal along vertical hierarchies and their horizontal proliferation complicates, perhaps transforms, the task of achieving concerted action toward common national problems.*
>
> (Marsh 1983, p. 439)

Considine (1994, p. 8) indicates that policies occur in systems that are comprised of institutions, groups, networks, and other continuing relationships. Within these systems are 'shared understandings, values, common sources of disagreement, and patterned interactions' (p. 8). In Figure 5.1, Considine (p. 8) demonstrates the main dimensions of the policy system—the material realm which is the political economy (primarily concerned with resources), and the intellectual realm named policy culture (primarily concerned with ideas and values). The two can intersect and overlap (p. 8). Clearly institutions and policy actors are involved in the system to various degrees. The latter two—institutions and actor networks reflect to a large extent the formal and informal participants that we are discussing. The formal institutional power and roles in policy-making in Block 4 and the informal, more dispersed power distribution and action in society in this block.

In any policy context, the first normal questions and investigations relate to material questions—what services are already occurring, who provides what, what do people gain or lose from the services, where do the resources come from, how do the service providers connect with the service users, and what regulations exist to control behaviours? (Considine 1994, p. 9). In this material, or political economy situation there are four main dimensions which help us to understand the transactions that 'bind or divide' the policy system and 'the pattern of roles and resource flows' (p. 13):

- **Provision**—the relations between producers and consumers
- **Association**—the links within each provider and user group
- **Intervention**—the roles of public agencies, and
- **Organisation**—the prevailing techniques or technologies

Considine 1994, p. 10)

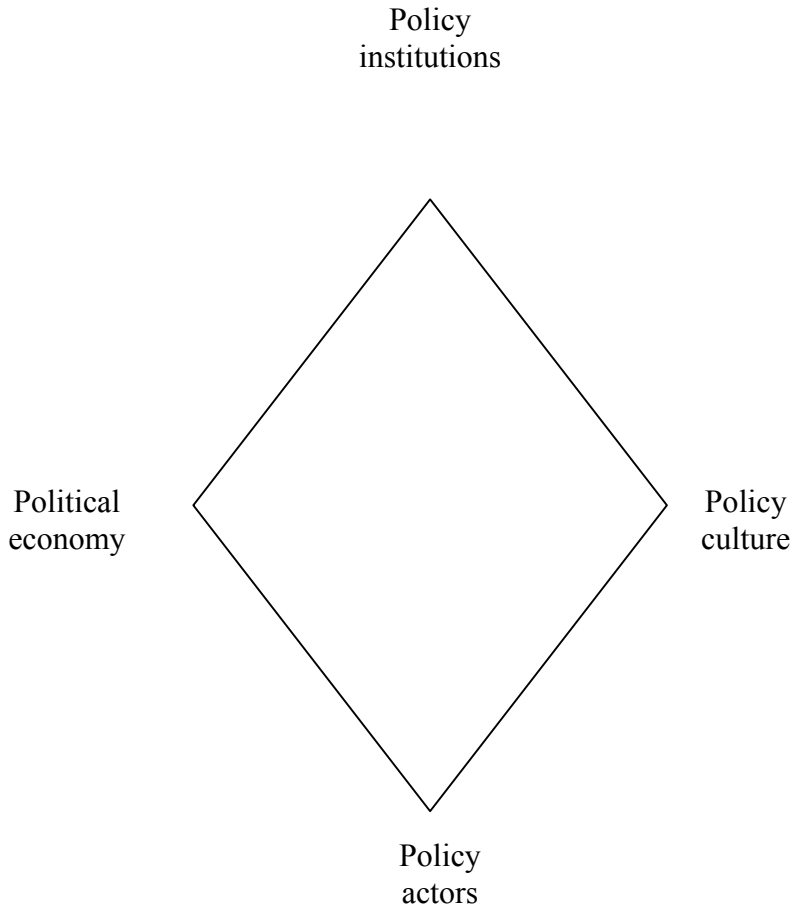


Figure 5.1: The structure of policy systems

Source: Considine 1994, p. 8

An analysis of policy cultures goes deeper to reveal what values and priorities are being advanced and contested (Considine 1994, p. 13). This is the intellectual and emotional field, and it is a shifting one—priorities and values shift with changing contingencies (pp. 13-14). There are five levels at which we can examine such cultures though all of them are essentially based on values and a valuing or evaluation process:

- **Values**—These can be overt as in manifestos or openly stated agendas, or more implicit.
- **Assumptions**—Often these are covertly hidden to avoid controversy, or they are so taken-for-granted that those who have them do not recognise them.

- **Categories**—These are regularly used 'shorthand' or classifications used to help us conquer uncertainty, such as 'the poor', 'ethnic communities', etc.
- **Stories**—These convey priorities and lessons learned without having to explicitly present an argument (They can also be categorised as myths and legends.)
- **Languages**—Jargon and fashionable terminology establish a policy language or policy discourse that become habits of expression that may conceal matters from investigation but also provide reassurance. The terminology 'helps reduce a mass of detail to standard words and expected responses'. (Considine 1994, pp. 14-15)

Case Comments – Cases are to be found in your Case Studies Booklet

Case 6: The case suggests that new style policy development in New Zealand has gone beyond consultation and pluralist understandings of how policy networks and communities work. It is as if the mode of operation has shifted to limiting debate and applying a 'policy blitzkrieg,' bringing democratic principles into question (p. 103).

Case 7: The cooperative and mutual activities of several agencies including UNHCR, USAID, NRC and others in the refugee situation suggest that policies emerge from dynamic communities of policy activity.

Case 11: The success that the alliance of SPARC, NSDF and Mahila Milan has had may mean that it could ultimately be incorporated into a policy community about sanitation problems in the country. In this way it would be called upon to be at, or make itself present at, policy-making forums. Whether there is official incorporation into decision-making or simply demands placed by constant lobbying the existence of the group as a force in policy-making is relevant in terms of policy communities.

5.5 Block Summary

Many organizations outside of the formal organisations of government are involved in the policy-making process. Interest and other social groups are made up of individuals who have greater power and thus capacity to be influential together than singly. Their differing individual values are brought together and coalesced into collective values. In any analysis of policy, it is advisable to extend beyond the constituted organisations of government and closely analyse the roles of these players.

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Ward, I. 1995. Federal government. In *Institutions in Australian society*. J. Henningham, ed. Oxford: Oxford University Press.

Further Reading

The following readings deal with theories of the state and the influence of various informal groups within society. Annotations below indicate when one aspect is particularly strong in a recommended reading. Note that some of these books have earlier or later editions which will usually fulfil the same purpose, though the chapter numbers may be different.

This is only an indication of possible readings, not a comprehensive list. You may find many other relevant sources for further reading.

Charlton, R. 1986. *Comparative government.* Political Realities series. Harlow: Longman.

Chapters 5 and 6 cover political parties and pressure groups respectively.

Davis, G., J. Wanna, J. Warhurst, and P. Weller. 1993. *Public policy in Australia*. 2d ed. Sydney: Allen & Unwin.

Chapter 6 deals with political organizations, including political parties, pressure groups, and policy communities.

Dunleavy, P. and B. O'Leary. 1987. *Theories of the state: The politics of liberal democracy.* Basingstoke: Macmillan Education.

Ham, C. and M. Hill. 1984. *The policy process in the modern capitalist state.* Brighton: Wheatsheaf.

Chapter 2 is useful for its introduction to various theories of the state.

Howlett, M. and M. Ramesh. 1995. *Studying public policy: policy cycles and policy subsystems.* Toronto: Oxford University Press.

Chapter 2 examines some theories of the state. Chapter 3 focuses on actors and institutions involved in policy-making, including interest groups and the media. Chapter 6 examines policy networks and policy communities.

McGrew, A. G. and A. J. Wilson, eds. 1982. *Decision-making: Approaches and analysis.* Manchester: Manchester University Press.

The readings in Section 4 include an article on pressure groups and focus on exploring notions such as pluralism. Reading 5.3 by Cawson explores pluralism, corporatism, and the role of the state.

McLennan, G., D. Held, and S. Hall, eds. 1984. *The idea of the modern state*. Milton Keynes: Open University Press.

Chapter 3 examines Marxist and pluralist theory as it may apply to the modern state.

Marsh, D. ed. 1998. *Comparing policy networks.* Buckingham: Open University Press.

Commonwealth of Learning Executive MBA/MPA

SC1: Public Policy

Block 6

Optimal Policy-Making

Course Developer: Michele Fromholtz
Lecturer in Public Policy and Management
School of Management
Charles Sturt University
New South Wales, Australia

Course Editor: Mary-Ev Anderson
Vancouver, Canada

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The Commonwealth of Learning
1285 West Broadway
Suite 600
Vancouver, BC V6H 3X8
CANADA
e-mail: info@col.org

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Block Objectives

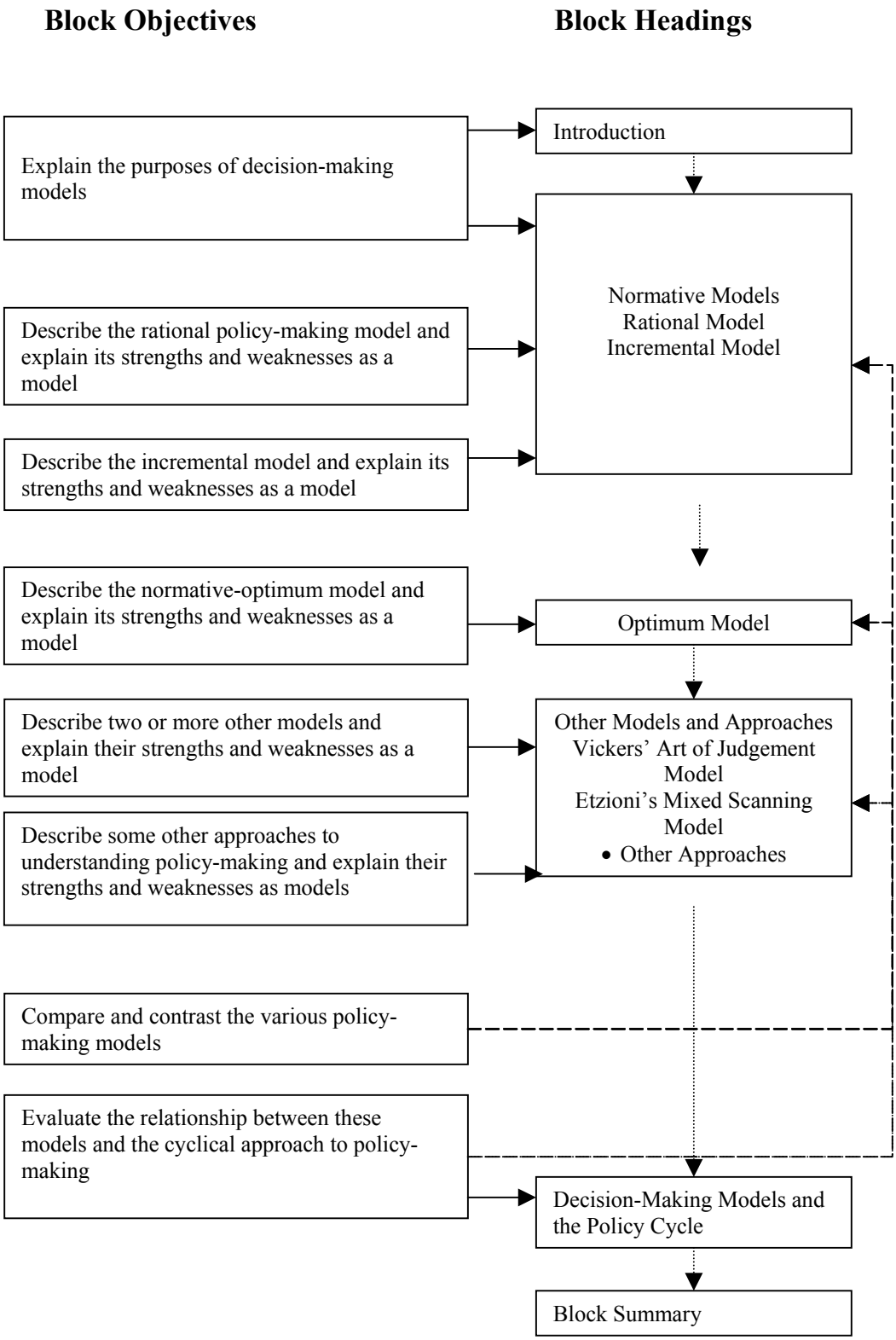
On completion of this block, you should be able to:

- Explain the purposes of decision-making models
- Describe the rational policy-making model and explain its strengths and weaknesses as a model
- Describe the incremental policy-making model and explain its strengths and weaknesses as a model
- Describe the normative-optimum model of policy-making and explain its strengths and weaknesses as a model
- Describe two or more other models and explain their strengths and weaknesses as models
- Describe some other approaches to understanding policy-making and explain their strengths and weaknesses as models
- Compare and contrast the various policy-making models addressed in this block
- Evaluate the relationship between these models and the cyclical approach to policy-making

Focus Questions

- What models exist to help policy makers process the complex inputs to decision-making?
- How useful are these models?
- Is there an ideal or perfect model?
- What faults do each of the models have?
- How do these models help fit in with the idea of a cyclical policy-making model?

Overview of Block 6:
Optimal Policy-Making



6.1 Introduction

This block focuses on the process of actually preparing for and making policy decisions. Decision-making has traditionally been the key area of focus in policy studies. Several major models have been used, though two primary models—the rational and the incremental—have dominated the discussion. Nowadays, the focus is much less narrow; decision-making models are seen as only a small part of a much wider policy process.

You will note that some of the relevant discussion was introduced in the second block. (See section 2.5.) The process of assessing or appraising a proposed policy (or proposed policy alternatives) is an essential lead-up to the policy decision (assuming there is a conscious decision). As Mulgan (1989, p. 37) suggests, 'We need a means of organizing the mass of evidence so that it can be comprehended and evaluated'. While Mulgan is talking about a model to describe the political process, the comment applies equally to the complex context of policy decision appraisal and decision-making. A policy-making environment has one of the following characteristics. It is:

- **Certain**—information is sufficient to predict the outcomes of each policy alternative under consideration,
- **Risky**—there is a complete lack of certainty, but some awareness of the probabilities associated with the possible outcomes of policy alternatives under consideration, or
- **Uncertain**—information is completely insufficient to assign probabilities to the outcomes of the alternatives under consideration.

(Wood *et al.* 2001, p. 487)

This block will examine the characteristics of both the rational and incremental models and explore the major areas of dispute between their proponents. As a result of the debate over the validity of these models, some degree of compromise has been reached. The modifications that have been made to these models will be discussed and other models will be presented, particularly Dror's optimal model. We need to bear in mind that no matter what the model, our aim should be **optimal** policy-making.

Formulation, or decision-making, is the core stage of the policy-making process. If a narrow definition is adopted, 'making decisions about plans or courses of action for the future', then this is the stage at which policy-making really occurs.

As indicated, most of the policy literature has concentrated on this stage—how policy decisions are made. It is thus appropriate to deal with these models at this stage. First, though, it is important to reconsider why models might be useful. As discussed in Block 1, **descriptive models** describe situations as they actually **are** occurring **Normative models** state how situations **should** be, giving **prescriptive** formulas for how decision-making should be conducted. Policy-making models often have both descriptive and prescriptive elements; how descriptive or prescriptive the models are can be determined through analysis.

Case Comments– Cases are to be found in your Case Studies Booklet

Case 7: The environment of the refugees in Somalia is described as being 'turbulent' (p. 123). It would be risky or uncertain at best.

Case 12: The environment could be interpreted as one of risk. There seemed to be an escalating problem with housing that could not be completely predicted, but it does not appear that every consequence that occurred was unpredictable. It appears that many of the impediments to successful policy implementation were in existence for many years (such as the problems with land acquisition).

6.2 Normative Models

The rational and the incremental models are two predominant models of policy-making in the literature. Traditionally, the **rational model** has been seen to be more prescriptive or normative, and the **incremental model** as more descriptive. However, this can be disputed, and the process of debate has led to considerable modification and softening of the dichotomy between the two. In the literature and in our context, these models are usually applied in their traditional sense prior to modifications unless otherwise stated. The detail in each of the models is extensive and the information provided below is limited. We strongly recommend that you seek out more detailed information about the models.

6.2.1 Rational Model

Of a number of rational models, the best-known is the rational-comprehensive model, developed by Herbert Simon. It is the most normative of the rational policy-making models—it offers prescriptive recommendations about how policy should be made. The model's main premise is that decision-making involves selecting alternatives to meet previously stated goals. In its purest form, all possible alternatives and all possible consequences must be considered. It has six basic steps:

1. A problem must be identified.
2. The values, goals, and objectives of the decision-maker must be determined and ranked in order of priority.
3. All the options for achieving the goals must be identified.
4. The costs and benefits of each option must be determined.
5. Costs and benefits must be compared.
6. On the basis of this comparison, the rational decision-maker selects the course of action which maximises the outcome in line with the values, goals, and objectives identified in step 2.

(Davis *et al.* 1993, p. 161)

While it is accepted by many theorists that this model, in its pure sense, has limitations, it still forms the basis for many government initiatives. Many budgetary control programs in the 1970s and 1980s were based on this approach. The emphasis on efficiency and

effectiveness which accompanies many government decisions today reflects a rational approach because it suggests that alternatives can be objectively considered in terms of cost-benefit analysis.

It has been suggested that the rational approach is value-free—that expertise is brought to bear on problem definition and research and that decisions are made neutrally.

Critics of this view suggest that a weakness common to rational approaches is that they are limited by how they define the problem. For instance, all options cannot be identified, and are often ignored, neglected or simply not thought of. Narrow perspectives, values, and power can limit the rational approach to policy-making.

The model assumes the manager acts 'in a world of complete certainty' (Wood *et al.* 2001, p. 489) and also in a neutral, value-free world. This provides a desirable prescription, but an impossibility in view of time and human capacity. It assumes that objectives are value-free and neutral. If they were, it might be easy to identify them quickly and then move on to identify alternatives, evaluate them and make a decision. Wildavsky (1987) presents an argument below in which he asserts that objectives are a human intervention, one which is not free of values:

> *Objectives are not just out there, like ripe fruit waiting to be plucked; they are manmade, artificial, imposed on a recalcitrant world…the very act of defining objectives may be considered a hostile act. If they are too vague, no evaluation can be done. If they are too specific, they never encompass all the indefinable qualities that their adherents insist they have. If they are too broad, any activity may be said to contribute to them. If they are too narrow, they may favour one segment…over another.*
>
> (Wildavsky 1987, p. 216, quoted in Bridgman and Davis 1998, p. 45)

Simon made a rather important modification to his rational-comprehensive approach. Accepting that in reality all options and consequences could not be considered, he came up with the concept of **bounded rationality**. This concept accepts the limited ability of humans to deal with vast amounts of data and probabilities in a totally objective way. Another way of appreciating the problem would be to say that people 'act only in terms of what they perceive about a given situation'. (Wood *et al.* 2001, p. 490)—and their perceptions are likely to be limited. As March and Simon state:

> *Most human decision-making, whether individual or organisational, is concerned with the discovery and selection of satisfactory alternatives; only in exceptional cases is it concerned with the discovery and selection of optimal decisions.*
>
> (March and Simon 1958, pp. 137-142, quoted in Wood *et al*. 2001, p. 490)

This idea was further developed with the introduction of the concept of 'satisficing', choosing an option that is 'good enough'. Importantly, in deciding to eliminate alternatives, or in accepting limited alternatives, the questions of whose values and whose discretion, which facts and whose power is involved, become critical. These are applicable to all models, however.

Case Comments– Cases are to be found in your Case Studies Booklet

Case 2: Rational decision-making processes are apparent in this case, although there is much evidence of other, less clear policy-making processes. The policy was a clear change from existing policy, a radical change introduced by the relevant minister (Dawkins). There were many articulated aims, including development of a user-pay system, improvement of economic performance, and increased international competitiveness through enhanced skill levels (p. 28). Task forces and working committees were established to think through the issues in the best way possible (pp. 29-32). Discussion papers were prepared to elicit further comment from the wider public. See the list of alternatives considered on page 41 along with the criteria used. Alternatives were ranked by a set of criteria. If it were not for some of the occurrences in this case (see other Case Comments) one might think it was a perfect example of rational decision-making.

Case 7: The authors criticise rational decision-making in their opening pages, expressing the opinion that policy-making is much more complex and dynamic than it suggests. They suggest that the writers of the policy documents provide specific detail that reflects 'political considerations, guess-work, and imaginative accounting',and that they lack sufficient understanding of the context of the policy (p. 121). 'Rational', in this sense, is a relative term. They suggest that no ground for policy is neutral (p. 122), and criticise the notion that decisions are an absolute from which everything else can proceed (p. 122).

Case 8: There is not much discussion about the decision-making process in this case, but it is worth mentioning the author's comment that the decisions made about the dam represent 'bad logic'. This draws attention to the fact that rationality is a relative term—what is rational for one person may not be rational for another (p. 144).

Case 9: One might ask whether any rational decision-making occurred when the choice was made to promote shrimp farming in the southeast of Bangladesh. It appears that there were disastrous environmental effects and poor gains for the local farmers (p. 148). This case study also draws attention to the need to question the effects and achievements of foreign aid,and casts doubt on the rationality of foreign aid programs

Self-Assessment Activity 6.1

Many of the current trends in policy-making suggest more rational approaches. Can you think of some examples of policies that have been formulated in this rational manner? Can more rational approaches to policy-making ensure better policy?

6.2.2 Incremental Model

The **incremental model** was developed by Charles Lindblom. Lindblom's early version of this model explained policy-making as '**muddling through**' (Lindblom 1959). In response to many criticisms, Lindblom adapted it until he came up with a much more

detailed model illustrated in his article, 'Still Muddling, Not Yet Through' (Lindblom 1979). He sought to modify the model from being purely descriptive to having some prescriptive elements—disjointed incrementalism, partisan mutual adjustment, and strategic analysis, discussed below.

Lindblom believed that many small steps would likely lead to a good decision, or that at least minimal damage would be done because change would be marginal. Also, an opportunity would be provided to test the water with minimal chance for error. (Ham and Hill 1984, p. 82). The concept of 'successive limited comparisons' underpins the model. Successive limited comparisons is a branch method, one which starts from the existing situation and brings about changes incrementally (p. 80). This contrasts with the rational model, which starts at the root, beginning with basic issues on each occasion and making decisions from the ground up.

The basic approach of the incremental model is that decision-making tends to be unplanned and reactive. Marginal changes are made to existing policy. Decisions are not based on pre-set **objectives** but are based on the **means** available to decision-makers. The focus is on the known and manageable. The incremental model is often criticised for favouring inertia and the **status quo**.

Lindblom's model, however, in many ways simply addresses, albeit from a different angle, the reservations that Simon had about rational models, including his own rational-comprehensive version (Ham and Hill 1984, p. 80). Lindblom explicitly lists some of these as failures of the adaptation of the rational-comprehensive method. In Braybrooke and Lindblom's view, Simon's rational-comprehensive method is not adapted to:

- Man's limited problem-solving capacities
- Inadequacy of information
- Costliness of analysis
- Failures in constructing a satisfactory evaluative method
- The closeness of observed relationships between fact and value in policy-making
- The openness of the system of variables with which it contends
- The analyst's need for strategic sequences of analytical moves
- The diverse forms in which problems actually arise

(Ham and Hill 1984, p. 80, citing Braybrooke and Lindblom, 1963)

While Simon was modifying his model to take into account the human limits to completely rational policy-making, Lindblom was doing almost the opposite. He introduced elements to his model to address the criticism that it was not appropriate just to allow policy to be formulated by 'muddling through'. He developed a number of modifications to explain how incremental policy-making was a useful method, including the fact that the slower adjustments and disconnected activities had the potential to produce good policy. In this way, he was redefining his policy as one that might have some normative value.

Lindblom developed a number of terms to explain the new elements in his model. His terminology appears to be self-explanatory, but there are subtle distinctions worth describing.

Partisan mutual adjustment—this suggests that throughout a policy-making process (whether formal or informal), the groups and individuals involved will make successive adjustments to their positions in response to the changing circumstances of their policy area.

Disjointed incrementalism—this suggests constant incremental changes. In incrementalism there is a fluid link between means—how policies will be executed—and ends—what policies should be achieving. There is no reason to assume a single set of agreed-upon ends or objectives, and thus the means of doing things is also influential in deciding what will be done. The disjointed incrementalism approach allows for disjointed changes, not just a series of minor adjustments in a single direction, towards single objectives. It can thus be said that the problem is constantly subject to redefinition and analysis and that evaluation is an ongoing part of the policy formulation process. It allows policy-makers to move **away** from problems rather than moving **toward** goals (Smith and May 1980, p. 151). It is interesting to note that Etzioni highlights a risk of incremental changes being circular instead of advantages accumulating. (Ham and Hill 1984, p. 85)

Strategic analysis—this suggests that strategic analysis is necessary in instances of major breakdowns in policy, or for new policy areas.

Partisan mutual adjustment and disjointed incrementalism together accommodate diverse participants and their perspectives in the policy process. They can accommodate a fragmented policy-making process across a range of institutions or involving many individuals and groups, such as in federal systems and/or pluralism. This is much closer to the policy system view of Considine, 1994 discussed in Block 5.

Table 6.1 provides a working tool to compare incrementalism with rational approaches.

Table 6.1: Two models of policy analysis

Rational Policy-Making	Incremental Policy-Making
Clarification of values or objectives distinct from and usually prerequisite to empirical analysis of alternative policies	Selection of value goals and empirical analysis of the needed action are not distinct but are closely intertwined
Policy formulation is therefore approached through means-end analysis: first the ends are isolated, then the means to achieve them are sought	Since ends and means are not distinct, means-end analysis is often inappropriate or limited
The test of a good policy is that it can be shown to be the most appropriate means to desired ends	The test of a good policy is typically that various analysts find themselves agreeing on it(without their necessarily agreeing that it is the most appropriate means to an agreed objective)

Analysis is comprehensive Every important relevant factor is taken into account	Analysis is limited drastically: • important possible outcomes are neglected • important alternative potential policies are neglected • important affected values are neglected
Theory is relied upon heavily	A succession of comparisons greatly reduces or eliminates reliance on theory

Source: Bridgman and Davis 1998, p. 55, derived from Lindblom 1959, pp. 79-88

As noted, as these models evolved, they became more like each other. The rational model softened its belief in pure and complete rationality, and Lindblom introduced some elements of rationality into incrementalism. Smith and May (1980) describe the debate between the two models as artificial. They say:

> *. . ..[I]n spite of prolonged dissension between rationalist and incrementalist models of decision-making, both they and the several versions of a rapprochement have in common epistemological features the significance of which outweigh any specific points of variance* (p. 154)

Case Comments– Cases are to be found in your Case Studies Booklet

Case 2: Details of this case point to the fact that it does not display the features of incremental approachs described above. Rather than involve a lot of small incremental changes in response to immediate demands from a range of participants, it was aimed at introducing policy change that was rather radical and enduring. The policy-makers were not just trying to vary the status quo, but rather were moving towards a new status quo.

Case 7: It would be too simple to say that this case supports an incremental approach; it offers something more complex. However, there are useful elements that can be linked—a constantly changing policy and an array of participants in the policy process. For example, there was reference to policy that was not static but constantly changing (though not necessarily in incremental steps). Also the policy choices were not just made by decision makers, but instead there was a complex web of changing circumstances, many players with many voices and viewpoints, and quick, sometimes ad hoc reactions (p. 129). Sometimes this was incremental and marginal for corrective reasons (p. 133), i.e. to overcome the next emergent problem.

Case 12: The policy decisions that were made in this case appear to be incremental in many ways lacking radical change. There was no major change that completely shifted the nature of housing policy overnight. Instead, there were ongoing changes over many years that responded to the current situation However, there is little background material about how policies were developed, and the duration of the period suggests some major revisions of policy might have been subject to rational analysis.

Self-Assessment Activity 6.2

To consolidate your understanding, outline the major features of each of the two policy-making models.

Think of a policy example from your experience and briefly indicate how it can be explained by Lindblom's incremental model and/or Simon's rational-comprehensive model. (There is no reason why both models might not be useful in explaining the same policy.)

How much do you think the models have in common after modifications have been made?

6.3 The Normative-Optimum Model

Dror endeavours to provide an optimal method for improving and strengthening decision-making, particularly by adapting a model to suit the circumstances (Ham and Hill 1984, p. 85). He called this model 'a normative-optimum model for policy-making'. Whether he achieves such an outcome is questionable, but he does remind us that optimal policy-making is a desirable goal, and one to which most theorists probably strive.

Dror's model is very comprehensive, providing several stages. Through his normative-optimum model, he seeks to accommodate qualitative rather than merely quantitative aspects of policy. He aims to increase the rational content of decision-making models but acknowledges that:

> *Extrarational processes play a significant role in optimal policy-making on complex issues.*
>
> (Smith and May 1980, pp. 153-154, citing Dror)

While there is much that is rational in the model, care is taken and caveats are made along the lines of '**some** clarification of values', '**preliminary** estimation of pay-offs', and 'explicit arrangements to stimulate creativity' (Smith and May 1980, p. 154.

The model's meta-policymaking stage requires the policymaker to consider the best approach to making policy in a given context. For instance, it may be more appropriate to take an incremental approach or a rational approach on different occasions. The extrarational dimensions allow for some intuitive processes, though they should be as informed and rational as possible. Thus, the model presents some similarity to Vickers' **art of judgement model**. Finally, post-policymaking incorporates evaluative or feedback dimensions which are not included in most other models.

Dror, as indicated in the title of his model, seeks to provide a prescriptive model aimed at achieving optimal public policy. However, the model has been criticised for its vague variables, its weak, residual categories for non-rational sources of information, and its statements of commitment to rationality and non-rationality without means of achieving them (Smith and May 1980, p. 154).

Self-Assessment Activity 6.3

List the main features of Dror's model. What is your opinion of the model? How is it a modification of each of the rational and incremental models?

To emphasise the content of this section, the preparation for the policy decision is as much a part of the decision-making process as the decision itself—should one be clearly made. The way in which decision-makers go about making the decision and the underlying values and assumptions they have, will impact upon how the decision is made. In many cases there may not even be a clear decision-making process going on, it may simply be another small response to the circumstances, though policy is being shaped and modified as it happens.

6.4 Other Models and Approaches

Other models have emerged since the development of the rational and incremental models. The theorists sought other ways to describe or prescribe the policy-making process, often striking a compromise between the two major models.

Two commonly discussed models to emerge from the debate about incrementalism and rationalism are Etzioni's **mixed scanning** and Vickers' **art of judgement** models. Whether they successfully span the apparently the irreconcilable differences between the incremental and rational approaches has been a matter of considerable discussion. Analysis should make the models' features clear and allow you to determine their validity for yourself.

6.4.1 Vickers' Art of Judgement Model

Vickers' model is, in some ways, more difficult to grasp. Its essence lies in appreciating the value of intuition and of judgement heuristics. **Intuition** is 'the ability to know or recognise quickly and readily the possibilities of a given situation'. **Judgement heuristics** are 'simplifying strategies or "rules of thumb" that people use when making decisions' (Wood *et al.* 2001, pp. 490-491).

The art of judgement model describes policy-making as a 'continuous interaction between systems and environment.' (Subramaniam, 1971, p. 338). Rather than seeking goals, the decision-maker seeks to maintain norms. The decision-maker uses his or her 'appreciative system' continuously to deal with the constant interaction between reality judgements and value judgements. Reality judgements relate to the decision-maker's estimate of past events and future probabilities; value judgements relate to the unexpressed opinions and probable reactions of other people. The process can be useful in accommodating conflicting interests. It accepts that skills such as being able to predict problems and educate one's appreciative system can be developed through experience. It suggests that senior public servants may thus have developed appreciative systems that make them able to deal quite successfully with policy issues (pp. 337-347).

Case Comments– Cases are to be found in your Case Studies Booklet

Case 2: The author of this case paints a clear picture of what she thought was interesting about the case, including the comments: 'effective policy-making requires an artful mixture of process, people, politics and analysis' and 'these people variously contributed drive, political judgement and public persuasion, ideas and theory, rigorous analysis and an understanding of administrative practicalities' (p. 53). These seem to suggest that there is room for 'artful judgement'. Certainly some of the players on the committee and task force as well as the minister himself had appreciative systems that could foresee where resistance and problems were likely to occur.

6.4.2 Etzioni's Mixed Scanning Model

The mixed scanning model was developed by Amitai Etzioni. The model allows policy-makers a combination of detailed scanning (from the rational model) for fundamental decisions and truncated scans (from the incremental model), for altering only part of the policy afterwards. What this really means is that when a big and fundamental decision is being made Etzioni thinks it more appropriate to take a rational approach—to look for alternatives and detailed appraisals of how they might work, how effective they may be, what the costs and benefits might be. If the policy is to be altered only, in some marginal or partial way, then Etzioni suggests an approach that is more like the incremental model. It is not necessary to undertake thorough and extensive research or scanning, but instead a less thorough and partial scan of the policy changes can be undertaken. Etzioni was seeking to avoid the extremes of rationalism and incrementalism (as was Dror) (Smith and May 1980, p. 152). Etzioni claims that:

> *[E]ach of the two elements in mixed-scanning helps to reduce the efffects of the particular shortcomings of the other; incrementalism reduces the unrealistic aspects of rationalism by limiting the details required in fundamental decisions, and contextuating rationalism helps to overcome the conservative slant of incrementalism by exploring longer-run alternatives.*
>
> (quoted in Smith and May 1980, p. 153)

The major criticism of this theory is the matter of how to distinguish fundamental from other decisions. This is a matter of judgement and is likely to depend on the situation. Smith and May (1980, p. 153) argue that rationalism and incrementalism are based on diametrically opposed principles 'which are not reconciled by mixed scanning's sampling of either side'.

Case Comments– Cases are to be found in your Case Studies Booklet

Case 4: While perhaps not fitting neatly into Etzioni's model, there are some variations to policy discussed in this case that show incremental adjustment. For example, the FCC modified its rules to allow local service providers 'to interconnect their private lines with the interstate facilities of local telephone companies' (p. 77). In other respects, the case probably demonstrates more radical departures from existing policy, or suggestions for more radical departures, that might be the result of more extensive appraisal and wider

scanning for ideas. The emphatic suggestion to remove some provisions from the 1984 Cable Act might be a case in point (p. 76).

Self-Assessment Activity 6.4

List the main features of Etzioni's model. What is your opinion of the model? How is it a modification of each of the rational and incremental models?

List the main features of Vickers' model. What is your opinion of the model? How is it a modification of each of the rational and incremental models?

6.4.3 Other Approaches

Newer models of decision-making in business literature focus on emphasing neutrality, with brainstorming, the Delphi technique, and nominal group techniques seeking to overcome the influence processes that work in group decision-making contexts. Efforts to minimise criticism, allow creativity, or ensure anonymity in suggestions can help to overcome the influences of higher status, the loudest voices, majority domination, and alliances, and work towards a more objective solution. Allowing creativity in decision-making [0]may have some application to policy-making, as it does to business. There are four steps:

1. **Preparation and problem definition**—choosing which problems are good to focus upon and then being broad and open in deciding how to frame the problem and consider options
2. **Incubation**—looking at the problems in diverse ways and allowing unusual alternatives
3. **Illumination**—responding to flashes of insight and being open to recognising when all the pieces of the puzzle suddenly fit together
4. **Verification**—not just relaxing after illumination, but using logical analysis to confirm that good decisions really have been made

(Wood *et al.* 2001, p. 492)

Sometimes decisions are made simply because decisions have already been made. This can be interpreted in two ways.

1. There can be an **escalation of commitment**—'the tendency to continue with a previously chosen course of action even when feedback suggests that it is failing'

   (Wood *et al.* 2001, p. 497)

2. There can be an **implicit favourite**—without knowing it, a decision-maker or several decision-makers can have an unstated favourite outcome.

> Inevitably their judgement about alternative outcomes, their selection of outcomes, and their criticism of other outcomes will be biased. They will see their implicit favourite in a good light and the alternatives in a poor light.

The **garbage can model** is an interesting decision-making model that allows us to recognise that sometimes the solution comes before the problem. The theory accepts that decision-making is 'sloppy and haphazard' (Kreitner and Kinicki 1995, p. 305) and that it involves four independent streams of events that create:

> *[A] collection of choices looking for problems, issues and feelings looking for decision situations in which they might be aired, solutions looking for issues to which they might be the answer, and decision makers looking for work.*
>
> (Wood *et al.* 2001, p. 497)

This means that political or personal reasons might interfere with proper problem identification and that individuals' agendas (whether conscious or not) might affect perceived problems and solutions. In this way it can be linked to the implicit favourite model. The garbage can model certainly questions **rational** decision-making and instead allows for a complex array of rationales for human action and choice.

Artificial intelligence methods that use computing technology are increasingly being put forward as a means of decision making, particularly in business contexts. Given that policy-making is all about making decisions, and also that policy-making theorists have identified the weakness of humans in processing all the possible information, artificial intelligence may provide some hope for enhancing policy-making methods. However, we have yet to see artificial intelligence used extensively in policy-making. Artificial intelligence occurs when computers are programmed to think like a human brain but process much more data in a shorter time frame. However, there is no reason to suppose that this will not occur—especially as policy decisions can be so complex. **Ethics,** another significant issue, will be explored further in Block 7.

Consultation and participation with affected parties are together another important feature of modern policy-making, though these processes are sometimes more symbolic than real (see Block 7). Many newer approaches suggest that much policy-making is undertaken so that politicians can be seen to be doing something about a situation, or to create a sense of occasion, nationhood, or progress (amongst others). The key to understanding symbolic approaches is to recognise that humans understand their world in a symbolic way, through stories, legends, logos and so on. Politicians often implicitly recognize this; many a cynical commentator has said that a policy is there to make a politician look good. How policies are presented to the media is sometimes a good indication of their symbolic aspects. If departments and/or politicians wish to promote particular policies, it is often because they will make the party, the cabinet, the department or the nation appear progressive and proactive. In fact, some of the newer approaches to case analysis in policy-making use metaphors such as 'theatre' and 'performance' to explain events occurring in the policy arena. Dobuzinskis (1992, pp. 355-380), for example, uses modernist and postmodernist metaphors to describe a false sense of control in policy-

making, and criticises the delusory nature of our generally modernist policy-making paradigms.

Modernists tend to have a paradigm that paints the world as a very concrete and real place that can be constantly improved. They are seeking new ideas at the expense of old ones. There is a sense that we can completely understand the world around us and by understanding it, learn how to control it. Postmodernists see the world as a more complicated and multi-faced place with constantly changing forces and uncertain realities. While modernists would want to improve the world and dismiss the past, postmodernists are happy to accept the old with the new and blend them into some new form of transient reality. There is no sense that a solution can be found and put in place that will satisfy everyone and be enduring. These are very different approaches and by using metaphors Dobuzinskis argues that the modernist view is no longer entirely workable. A postmodernist view that allows for constant change, multiple viewpoints, multiple needs and demands, and an appreciation of symbolism through metaphors is perhaps more appropriate. Metaphors themselves seem a strange thing to introduce into a subject about public policy but people do react to symbolic stimuli and often times it is the slogans and the gestures of politicians that win popularity as much as the actual content of their policy statements.

Case Comments– Cases are to be found in your Case Studies Booklet

Case 2: It appears that Dawkins had an implicit favourite in this case. The desired ends were strategically concealed so that a more rational process was seen to be occurring. Whether this was intentional is difficult to say, although at least one interpretation would say that it was.

Case 9: Perhaps the idea to support shrimp farming was a solution waiting for a problem. It certainly appears not to have been useful.

6.5 Decision-Making Models and the Policy Cycle

In each stage of the policy process the values of participants are relevant. The incremental model openly acknowledges the values of different participants, while the rational model stresses an objective, values-free approach. The acknowledgment of competing values are involved in policy-making enables us to appreciate that people will be competing to have their values expressed in the resulting policy. For example a pluralist approach accepts that there are many different people and groups competing to have their opinions heard, though who has the most power is an issue that some of the other theories of the state identify as unequal. Rational models not only treat objectives as value-free but they also do little to acknowledge the power struggles that are likely to underlie the policy process. They tend to assume that agents (perhaps politicians or bureaucrats) are legimately endorsed to make informed policy decisions on behalf of the populace.

During the policy formulation stage of the policy process it is likely that all the policy-making actors will have some role to play. Policy formulation is not a task solely for politicians—public servants advise politicians, citizens and pressure groups also seek to have input, and sometimes groups such as industry groups, business councils, or farmer groups are incorporated into decision-making committees. Professionals may be engaged to help develop policies though their professional values may not be subject to scrutiny but rather accepted as compatible with policy aims or simply overlooked.

It is worthwhile examining whether policy-making models extend past policy formulation to explicate other stages of policy-making such as appraisal, evaluation and implementation.

Policy is not formulated at a discrete stage of the policy-making process. Discussions about implementation will reveal that policy cannot be determined and then simply put into action. There will always be more decisions to be made and they will, in essence, comprise an ongoing method of policy formulation. It may, then, not be so simple to describe this type of policy formulation in terms of the above models. This point of view reflects the **policy-action continuum** covered in Block 2 and is valuable in helping us to understand how some of the methods involved in the models above might extend beyond formulation. Certainly, we could appreciate that incrementalism and the detailed adjustments in the second stage of Etzioni's mixed scanning enable the adaptation of continuous policy-making. The approaches described in this section seek to explain policy formulation, but, like the rational and incremental models, they do not necessarily state precise boundaries between policy-making stage and may not even consider policy stages at all. Whenever this is the case, it is useful to try to attempt to apply them to all policy-making stages, not just policy formulation, as they may better inform us about the dynamics of policy activity at those stages as well.

Self-Assessment Activity 6.5

How applicable do you think the different models are to public policy-making today? How descriptive are they?
Which model do you think would be the most suitable for ensuring good public policy-making? What is the prescriptive value of each model?

6.6 Block Summary

There are many policy-making models to draw from and no need to rely solely on one to explain everything in a policy-making situation. They can be seen as competing ways of describing or prescribing the way in which policy-making occurs, or should occur. Each has some merit, though each also has limitations and shortcomings. The most appropriate strategy as a policy analyst or policy adviser is to understand the models and to utilise features from them when they are useful. Having an understanding of all these methods will enable you to have a richer understanding of the very complex phenomena of policy-making.

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Further Reading

The following readings relate to policy-making models. The particular relevance of each is indicated where possible. Note that some of these books have earlier or later editions which will usually fulfil the same purpose, though the chapter numbers may be different.

This is only an indication of possible readings, not a comprehensive list. You may find many other relevant sources for further reading.

Carley, M. 1980. *Rational techniques in policy analysis.* Aldershot: Gower.

Chapter 2 particular explores the idea of rationality in policy-making.

Dror, Y. 1989. *Public policy-making re-examined.* New ed. incorporating 1968 original. New York: Chandler.

This is Dror's seminal work on his optimal policy-making model.

Etzioni, A. 1967. Mixed scanning: A 'third' approach to decision-making. *Public Administration Review* 27 December (5): 385-392.

This is the source article for Etzioni's mixed-scanning approach.

Ham, C. and M. Hill. 1984. *The policy process in the modern capitalist state.* Brighton: Wheatsheaf.

Chapter 5 explores the key differences between the rational and incremental decision making approaches.

Hill, M. 1993. *The policy process: A reader.* Hemel Hempstead: Harvester Wheatsheaf.

The two readings in Part V explore some of the issues that arise in comparing incremental and rational approaches. The first of these is a re-publication of the Smith and May reading listed below.

Hogwood, B. W. and L. A. Gunn. 1984. *Policy analysis for the real world.* Oxford: Oxford University Press.

Chapter 4 gives an overview of policy-making models and their strengths and weaknesses.

Howlett, M. and M. Ramesh. 1995. *Studying public policy: policy cycles and policy subsystems.* Toronto: Oxford University Press.

Chapter 7 compares the incremental and rational models.

Lane, J-E. 1995. *The public sector: Concepts, models and approaches*. 2d ed. London: Sage.

Chapter 3 introduces some brief descriptions of key policy-making approaches.

Lindblom, C. E. 1959. The science of 'muddling through'. *Public Administration Review* 19 (2): 79-88.

——— 1979. Still muddling, not yet through. *Public Administration Review* 39 (6): 517-525.

These are the Lindblom articles that established his original model of incrementalism and his modifications to it in view of later criticism.

McGrew, A. G. and A. J. Wilson, eds. 1982. *Decision-making: Approaches and analysis.* Manchester: Manchester University Press.

All the readings in Section 2 of this book relate to the idea of rationality in decision-making models. One is a reprint of the Smith and May article below

Smith, G. and D. May. 1980. The artificial debate between rationalist and incrementalist models of decision making. *Policy and Politics* 8 (2): 147-161.

This is a leading article summarizing the terms of the debate about the incremental and rational models. If it is not available, see McGrew and Wilson or Hill above in which the article is also reprinted.

Commonwealth of Learning Executive MBA/MPA

SC1: Public Policy

Block 7
Policy-Making: Contemporary Issues

Course Developer: Michele Fromholtz
Lecturer in Public Policy and Management
School of Management
Charles Sturt University
New South Wales, Australia

Course Editor: Mary-Ev Anderson
Vancouver, Canada

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The Commonwealth of Learning
1285 West Broadway
Suite 600
Vancouver, BC V6H 3X8
CANADA
e-mail: info@col.org

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Block Objectives

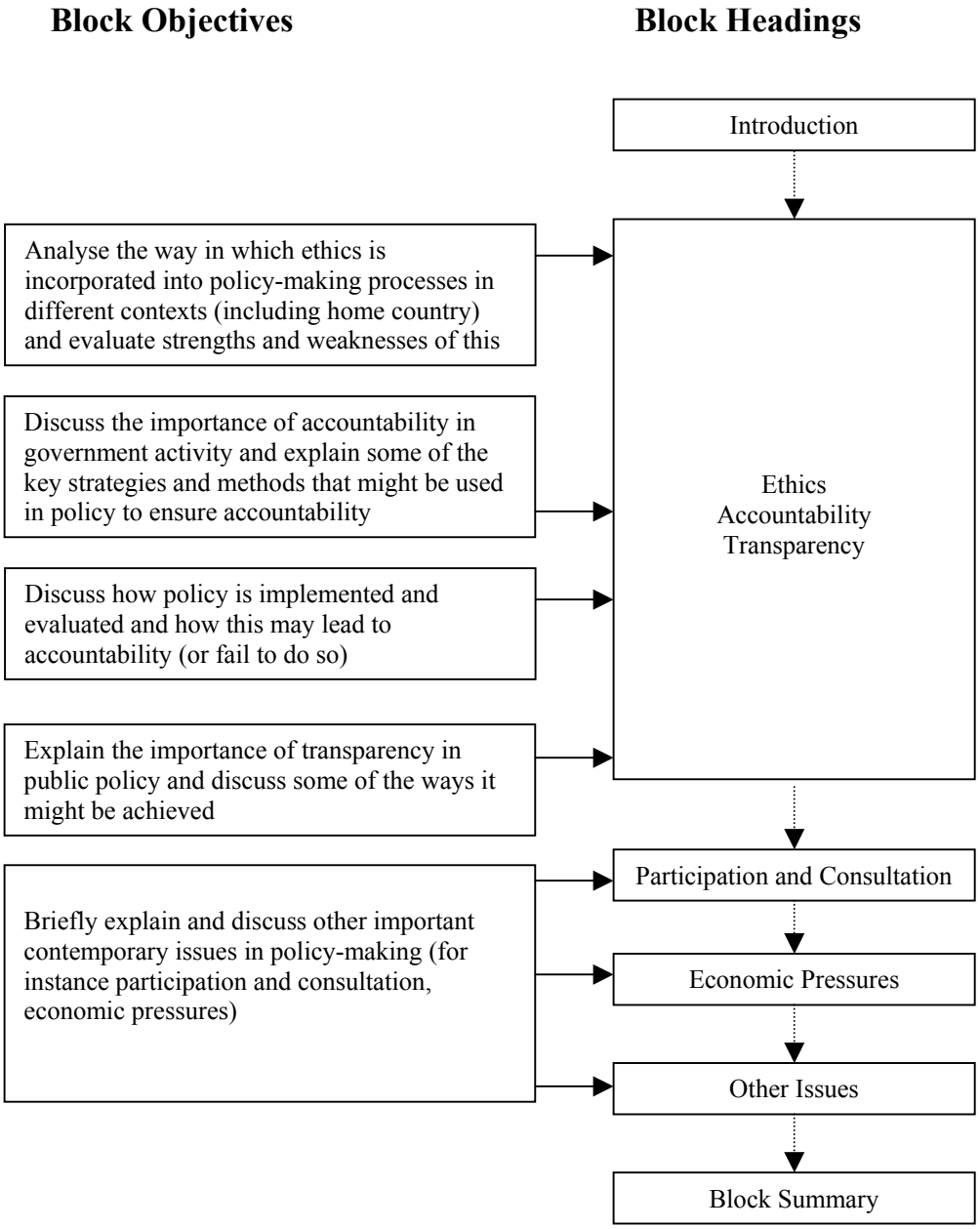
On completion of this block, you should be able to:

- Analyse the way in which ethics is incorporated into policy-making processes in different contexts and evaluate the strengths and weaknesses of this.
- Discuss the importance of accountability in government activity and explain some of the key strategies and methods that might be used in policy to ensure accountability.
- Discuss how policy is implemented and evaluated and how this may lead to accountability, or fail to do so.
- Explain the importance of transparency in public policy and discuss some of the ways it might be achieved.
- Briefly explain and discuss other important contemporary issues in policy-making, such as participation and consultation, and economic pressures.

Focus Questions

- Is policy-making the same everywhere, or are there particular issues that affect how it is undertaken in different places and at different times?
- What contemporary issues are affecting policy-making around the world?
- Can the ideals of ethical, accountable and transparent policy-making be achieved?
- What are the constraints to achieving this?

Overview of Block 7:
Policy-Making: Contemporary Issues



7.1 Introduction

Previous blocks have focused on the policy-making process and system. Much of this discussion has been about policy theory in the abstract. This block will focus on some of the issues or pressures in the policy environment of significance for policy-making. These issues may have a strong impact on policy processes.

Worldwide trends and economic developments underlie other issues. As global communications become more rapid and information sharing more extensive, remedies are borrowed from other countries. Individual nations are under more pressure to adopt global agreements and regulations. These agreements then impact upon national policy choices. Changing demographics also have an impact. For instance, the increasing education and awareness of the public as a whole places growing pressure on elected representatives to be more accountable to their constituencies and to the public.

Other issues which have an impact or which may exacerbate those identified above include: population increases, aging populations, nuclear threats and rapid technological developments. There may be some issues that you consider equally important that have been omitted simply because we cannot cover everything.

7.2 Ethics, Accountability and Transparency

These three issues are very closely intertwined. Although they are presented separately, the distinctions are to some degree artificial. It is almost impossible to talk about one of these issues without referring, directly or indirectly, to one or more of the others. This will become evident below.

In addition to the mechanisms discussed below, in any country there will be a whole range of administrative law practices that help citizens to seek redress for maladministration or to investigate some problem with their treatment under various policies. Tribunals, ombudsmen and other practices are part of this.

7.2.1 Ethics

Ethical behaviour can be described as behaviour that is morally acceptable, '"good" and "right" as opposed to "bad" and "wrong" in a particular social context' (Wood *et al.* 2001, p. 25). A huge amount of literature is available about ethics as it applies in different contexts—social, organizational, and otherwise. We can define ethics in terms of the type of approach used to describe it. For example, note the main concern in the following approaches:

- The **utilitarian view**—that the most good be delivered to the greatest number of people
- The **individualist view**—one's own long-term self-interest

- The **moral rights view**—respects fundamental rights shared by all human beings
- The **justice view**—fairness and impartiality in treatment of people

(Wood *et al.* 2001, p. 25)

Stewart presents a different breakdown as below:

- **Contractarianism**—Public interest can be discerned in most situations by applying principles of justice for equal rights and access to opportunities.
- **Intuitionism**—There is a plurality of first principles, which may conflict. When this occurs intuition is used to resolve the dilemma.
- **Perfectionism**—The main goal is attainment of excellence in art, science and culture.
- **Utilitarianism**—The net balance of social satisfaction summed over all individuals belonging to a society should increase.

(1999, pp. 289-290 citing Henry, 1995, p. 405)

Corbett (1996) tells us that almost 'every decision taken by a public sector manager has an ethical dimension' (p. 218). There are many actors in the policy cycle; all are involved in the ethics of policy-making.

- political players—ministers and their staff who consider political implications of a policy
- policy advisers—departmental and agency officials and policy specialists who provide detailed advice and submissions
- administrators—public servants who implement and/or evaluate cabinet decisions and laws

(Bridgman and Davis 1998, p. 122)

We suggest you revisit Figure 4.7 in Block 4 to consider the different perspectives and values that might be held by members of the political and permanent executive. These will raise ethical issues that can be linked to the role of the person involved. This can be called 'ethic of role'. Political personnel will be considering whether their actions are sensible for their government, for their own re-election and that of their party. They will mostly—but not always—pursue political objectives (Bridgman and Davis, 1998, p. 123 citing EARC, 1992). Although politicians may pursue political objectives themselves, they cannot insist that public servants do political work for them. But there is often a fine line between the political and the administrative. For instance, it may not be appropriate for a minister to select staff (Bridgman and Davis 1998, p. 123) though this will depend upon the accepted practices in the political system. In many cases the public employee is expected to be politically neutral. If this is so, having ministers involved in selecting staff members may provide an opportunity to vary the number of people influencing a policy in one political direction.

Public servants or public officials, apart from being expected to be loyal and honest, should also show 'care not to undermine public confidence in the government or its members' and should exhibit 'responsiveness, accountability, integrity, diligence, economy and efficiency' (Bridgman and Davis 1998, p. 123). As is often said, they must

provide policy advice 'without fear or favour' and avoid political involvement with their political masters and/or the previous government (Bridgman and Davis 1998, p. 123). There are two main ways in which principles of justice might be expected to be applied in public sector policy:

- **Procedural justice**—Rules and procedures need to be followed as specified to ensure due process;
- **Distributive justice**—All people should be treated equally and fairly under the same policy area regardless of their race, age, gender, ethnicity, or other characteristics.

(Wood *et al*. 2001, p. 25)

Stewart (1999) provides a similar way of explaining the ethical issues facing policy-makers, particularly public servants, stating that they need ethical guidance on the following:

- *modus vivendi*—the 'way to live' or cope with diverse policy challenges, doing things in the 'public interest', if that can be easily defined
- **value choices**—making choices and/or deciding whether to advocate for or negotiate a policy outcome
- *modus operandi*—the particular way to perform a task or action

(p. 289)

In reality, these ideas might be somewhat problematic if societal norms allow for or require different treatment—for genders or people of different social groups, there is often tension between existing social conditions and the demand by various groups within the society for change in the name of equity or justice. This is a fundamental dilemma that faces policy-makers. Also the kind of behaviour required for new public management (more like the private sector) might be more focused on **ends**—which could entail efficiency, innovation and flexibility—rather than the more constraining focus on **means** of achieving policy—such as due process, and formal, inflexible procedures and rules (Stewart 1999, p. 91).

Stewart (1999, p. 291) uses the contractarian, intuitionism, perfectionism and utilitarianism principles to explain modus vivendi ethical issues. For **value choices**, he uses Weimer and Vining's typology to characterize public servants as objective technicians, advocates for clients and/or advocates for issues.

With regard to modus operandi, Stewart provides the following list of leadership behaviours for public servants in policy-making contexts. He notes that these are not easily reconciled with value choices based on the public interest.

- **Reconciling inconsistent views**—Public servants cannot argue against policy if they have a disagreement with their political masters about the content of the policy, but they are expected to speak up against any corruption or injustice they perceive in policy processes.
- **Doubtful assumptions and unwarranted cynicism**—Despite purported loyalty, public servants may have their own values and own implicit

favourites in decision-making that might affect their assumptions and cynicism about particular proposals. They need to guard against this.

- **Public managers as explorers**—Public servants can be viewed not as clerks or martyrs but as explorers for answers and solutions to issues of public value.
- **'After-the-fact' accountability**—While approval before the fact is desirable, it is sometimes appropriate for public servants to take action and seek approval later.
- **Strategy as enhanced accountability**—Public servants have more sophisticated roles nowadays and can make important contributions and suggestions to policy, though these should be within the aims of the political executive and have a strategic and coherent vision in terms of public value and practicality.
- **Substantive and operational risks**—Public managers have to take risks and make guesses about future directions.
- **Risking democratic accountability**—Issues are not always about substance and operations; Sometimes public managers will need to respond to, and engage in, political environments.
- **Obligations to one's subordinates**—There is a requirement for some loyalty to subordinates and the good management of an organisational block. The public interest cannot be pursued at the expense of the working arrangements of public servants (the implication here is serious and detrimental changes).
- **The limitations of traditional answers**—Public managers have an affirmative duty to expose their organisations to change rather than insulate them from it, if public priorities change.
- **The duties of public executives as explorers**—There is a publicly accountable need for public managers to search for public value and articulate a vision, in accord with their political masters and what their expertise and experience tells them.

(1999, pp. 291-292, citing Moore, 1995, pp. 293-309)

This list is detailed, but gives a very clear impression of the deeply complex and sometimes conflicting roles and aims specifically of public servants or public managers in policy-making. If we add to this the roles of politicians and other contributors, such as interest groups and judges, we can see just how fraught with ethical issues the entire public policy arena can be.

There are increasing pressures for declarations of interests—usually financial—by both elected representatives and public servants. **Codes of conduct** are intended to provide clear guidelines to employees and elected representatives about what is appropriate behaviour. Such codes may have limited effectiveness, but their very existence suggests that there is great concern about the actions of politicians and public servants. How they actually influence employee behaviour and thereby affect the outcomes of the policy processes requires considerable investigation. If we accept that public servants have an impact on policy, then it may be appropriate to take action to limit, monitor, or control their influence, or at least make them accountable in some way. Thus, a code of conduct

provides one way of trying to bring about ethical behaviour. Stewart (1999) tabulates some **principles** for ethical codes for public servants as a professional group (Table 7.1) below.

Finally, while ethics is a distinct topic area, it is also implicitly tied to the whole notion of accountability in public policy, as some of the material above clearly indicates. Accountability definitely extends to ensuring that 'ethical' behaviour, however that is defined by a particular society, occurs throughout the entire policy cycle.

Table 7.1: Principles for managing ethics in the public service

Ethical standards for public service should be clear.	There should be clear guidelines for interaction between the public and private sectors.
Ethical standards should be reflected in the legal framework.	Managers should demonstrate and promote ethical conduct.
Ethical guidance should be available to public servants.	Management policies, procedures and practices should promote ethical conduct.
Public servants should know their rights and obligations when exposing wrong-doing.	Public service conditions and management of human resources should promote ethical conduct.
Political commitment to ethics should reinforce the ethical conduct of public servants.	Adequate accountability mechanisms should be in place within the public service.
The decision-making process should be transparent and open to scrutiny.	Appropriate procedures and sanctions should exist to deal with misconduct.

Source: Stewart 1999, p. 288, from OECD 1998 PUMA policy brief No. 4, pp. 2-4

Case Comments– Cases are to be found in your Case Studies Booklet

Case 2: One of the key issues that kept emerging regarding the HECS policy was equity', which is clearly related to the idea of distributive justice.

Case 4: Universal service is definitely an argument for base level distributive justice for all citizens. While competition is valued, there is an ethical position that everybody should at least have a basic level of service at affordable rates (p. 77).

Case 5: There were issues of human rights connected to the Bhopal victims—to choose their own counsel and to seek maximum individual redress for the damages. Instead, the action of the Indian government in taking the role of *parens patriae* removed these from its citizens (p. 87-88). From a moral standpoint, one can ask whether it was the duty of

Union Carbide to tell its employees about the risk they faced. The subsequent analysis suggested that the federal US government and many US state governments certainly thought so (p. 94). It is also worth thinking through whether there were differences between the private and public sector responses to the tragedy in terms of minimising the costs of damages by choosing Indian or American courts to hear the case. The Indian government sought to look after its citizens in this process presumably with some sense of moral duty. The article shows the American government being concerned with its own citizens—though not clearly dismissing Indian citizens. There are some potentially interesting ethical issues that are not articulated but are worth considering in the case in relation to global versus national concern for human beings.

Case 8: The moral rights of the people affected by the dam is a strong point in this case. The author mentions these on p. 144 when she says 'The defence of their rights to just compensation and re-settlement is where the [Andolan] movement began'.

Case 9: If money is being taken by corrupt intermediaries there are ethical and moral issues that everyone should be concerned with.

Self-Assessment Activity 7.1

If you work in the public sector, find out whether there is a code of conduct that governs your behaviour. If so, compare it to the principles and points made in the section above to assess whether the code can achieve its stated aims. You should be able to evaluate how workable such principles are in a realistic context.

What weaknesses do you think there are in the code of conduct's mechanisms to bring about ethical behaviour? Draw on your own awareness of actual levels of ethics in policy-making and the prescriptive literature discussed above.

7.2.2 Accountability

Many reviews have identified the need for more accountability for government, though accountability has always been an implicit issue. If you consult the index of most public sector management or policy books for accountability you are likely to find many page references. Alternatively, you may find none, since the topic warrants its own chapter or is so much a part of the book's content that it is a fundamental concept used repeatedly throughout the book.

Public sector accountability is different from that of the private sector. It is not about the bottom line, but rather about adding value to the community (Crawford 1996, p. 7). If private sector accountability is to shareholders, public sector accountability can be seen more clearly as being to stakeholders (see Figure 7.1).The diverse nature of stakeholders can be seen in Figure 7.1 below.

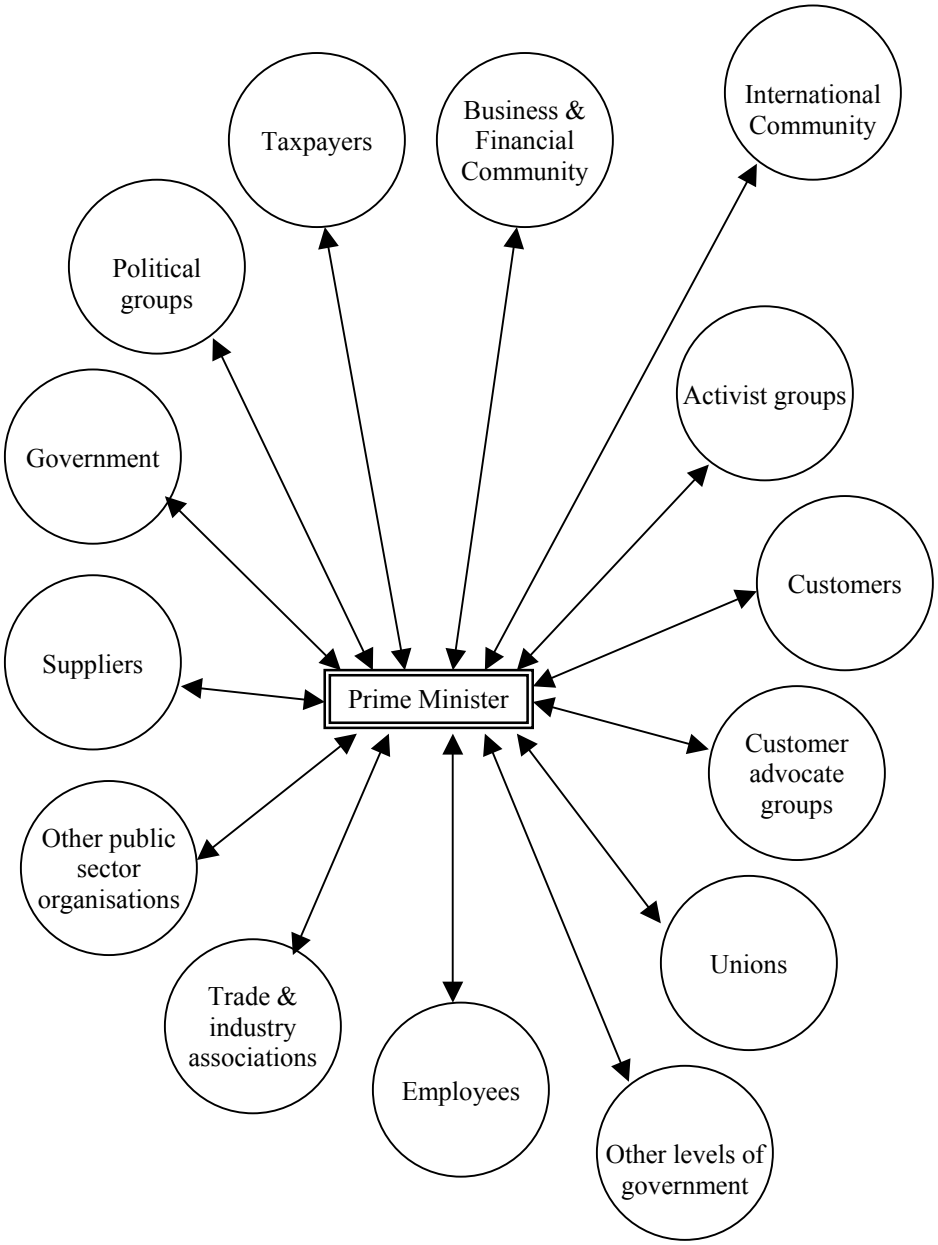


Figure 7.1: A sample stakeholder map as seen by political executive

Source: Adapted from Stewart 1999, p. 312

Thynne and Goldring (1987) present an extensive analysis of accountability for government officials. Fundamentally, under the Westminster system:

> *[T]he formal conferring of executive authority on Ministers gives rise to their obligation to* ***account*** *to Parliament for their own conduct and for the conduct of officials acting under their control (p. 6).*

There is, according to Thynne and Goldring (1987, p. 6) a line of parliamentary-directed accountability and a corresponding ministerially directed line of accountability. Ward (1995, p. 13) provides an annotated version of the chain of accountability in the Westminster system (see Figure 7.2 below).

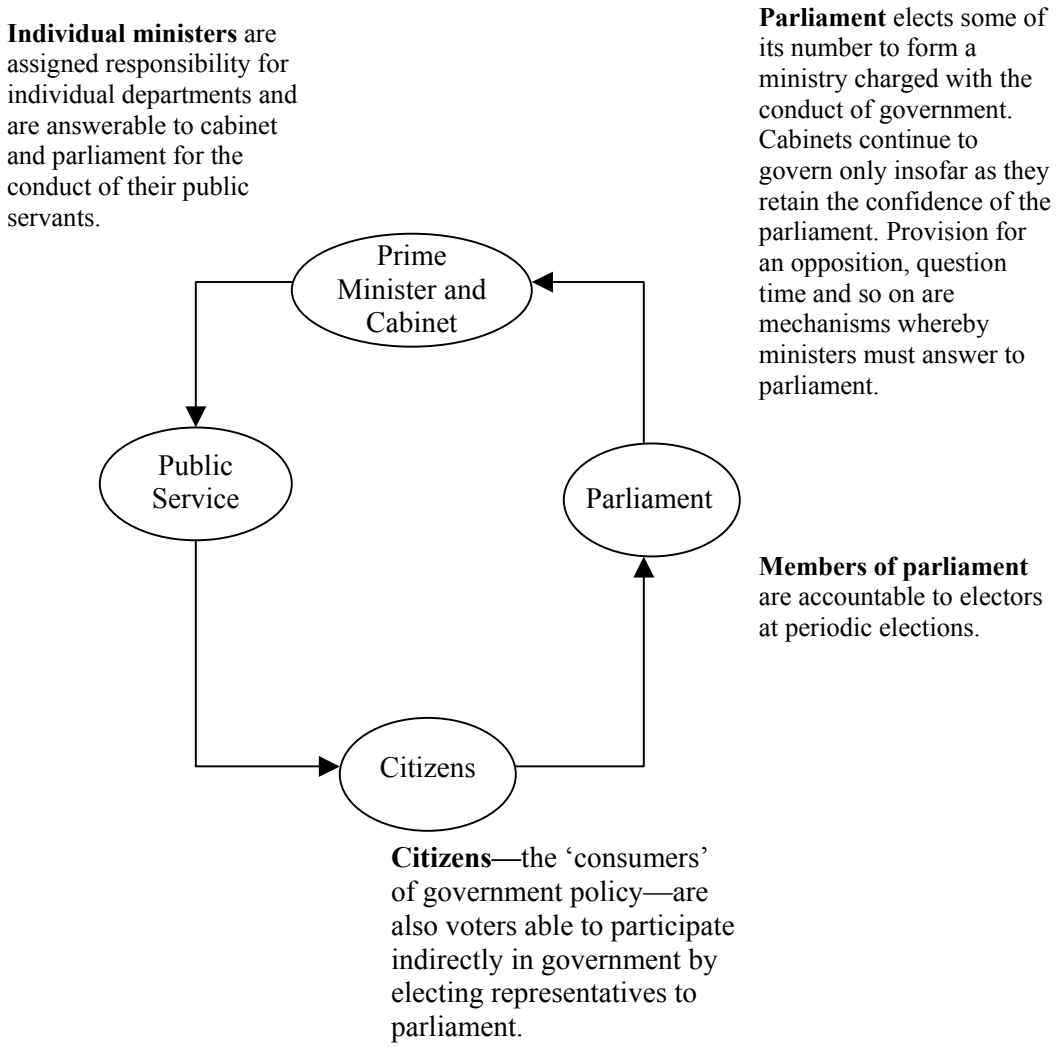


Figure 7.2: The Westminster chain of accountability

Source: Ward. in Henningham 1995 p. 15

This simple model is more complicated in federal Westminster systems and other types of systems such as that of the US. It is worth also looking at Figure 7.3 by the same author to see another view of how the chain of accountability can break down in the real practice of policy-making and day-to-day government activity. This is one view, and in this case Ward is drawing on the way the system manifests itself in the federal system of Australia. This draws our attention to the need to question models and apply them to the particular context in which they operate.

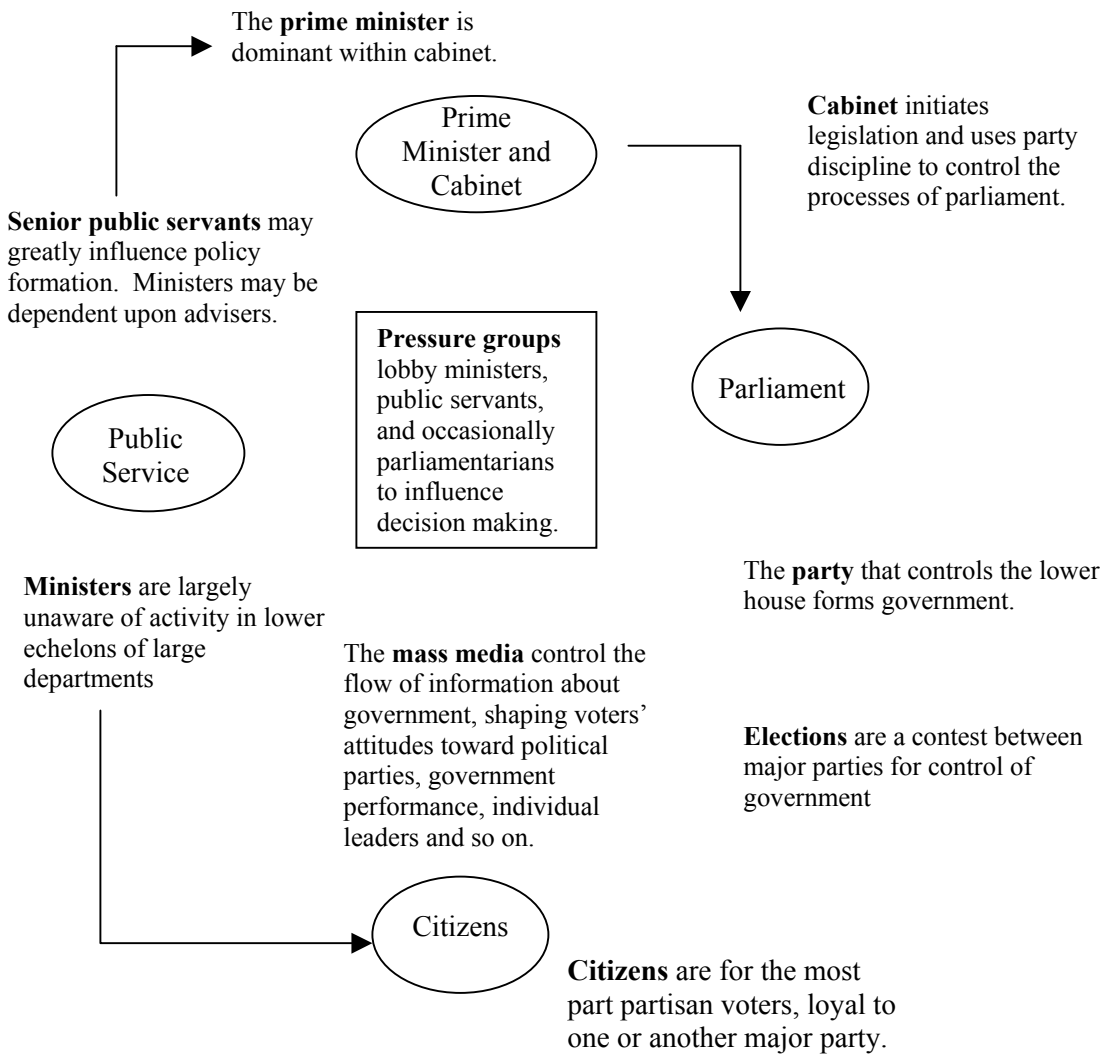


Figure 7.3: Breakdown in the chain of accountability

Source: Ward. in Henningham 1995, p. 31

Lane (1995) makes the following point in relation to accountability and public policy:

Political accountability and administrative as well as professional responsibility are impossible without the notion of implementation of public policy. If it is not possible to evaluate the extent to which objectives and outcomes match, then public accountability is meaningless. (p. 109)

It is also to be expected that any policy following implementation will be very much anchored in a spirit of accountability—for instance, appropriate and effective spending of taxpayers' money. Suggestions for accountability, or reforms relating to accountability, have included financial reporting, auditing, management performance, access to information including freedom of information, and conflict of interest considerations (codes of conducts, etc.). In broader terms, policy-makers (political or administrative) are accountable for policy being formulated and carried out in accordance with the constitution, the promises of political platforms, and the stated aims and methods of policy statements.

Accountability is a pivotal concept in democratic governance, underpinning most analysis. Its constant presence dictates the behaviour of policy-making actors, both in terms of the responsibility of those charged with policy-making, and the behaviour of those observing and seeking to influence it from the wider society.

Politicians are typically held to account by the ballot box every few years. Serious breaches of responsibility can result in the dismissal of politicians but usually this occurs at the following election. Public inquiries such as Royal Commissions typify another form of public accountability. When established to examine problems in the public sector they are usually required to examine some crisis, mismanagement, or maladministration that impacts upon the public. In doing this they bring to public light mistakes, errors in judgment, and bad practices that affect the ways policies are developed and executed. Public servants are less directly accountable. Despite the potentially powerful positions of some, there has been little formal constraint or analysis of their actions. But there is increasing pressure. Legislation providing freedom of information in many nations provides an avenue for the public to gain access to information previously withheld. It is possible that some of the actions taken in the policy process, may be identified in such a process. If the public takes advantage of such legislation, there may be much more exposure of the influences on policymaking and implementation of decisions. The values brought to the process, and the utilisation of power and influence, may become more visible. Some of the points made in the Ethics section above make these points clear. The importance of accountability cannot be overstated. Review the Ethics section if you are unclear about any of this material.

Case Comments – Cases are to be found in your Case Studies Booklet

Case 9: While any foreign aid generates accountability to the provider for how the money is spent, this is highlighted in the case when the likely accountability of NGOs to Western donors is discussed (p. 149).

Self-Assessment Activity 7.2

What are the differences between accountability and ethics and how do they relate to each other? Is it possible to have one without the other?

Using Ward's chain of accountability and the breakdown in the chain of accountability (Figures 7.2 and 7.3) draw up an account of the chain of accountability in your own country.

Is accountability an achievable goal in public policy? Explain your argument.

7.2.2 Transparency

Transparency refers to the actions of those in government being visible rather than hidden, or covert. Its underlying premises relate to accountability and ethics, a meaning that suggest not only that things should be done right but that they should be seen to be done so. This is not about the appearance of doing things accountably and ethically, to the point that governments in their day-to-day practices create a culture of making their activities easy to see—open and visible. Another way to state this would be to emphasise that the reasons and actions behind a decision should not just be 'findable' after extensive and detailed questioning and investigation, but should be readily transparent in the first place, or at least after minimal inquiry. This would also help the judicial review of decisions, as courts could simply and quickly refer to the required explanations behind decisions.

Thus, a pragmatic and popular way to achieve this, and to minimise the need for investigation or challenge, is to explain the reasons for decisions when they are made. Public agencies in many countries, especially in the West, are required 'to make explicit the reasons behind particular decisions' and decision-makers are 'required to abide by due procedure and record for accountability purposes the specific reasons for a particular decision' (O'Faircheallaigh *et al.* 1999, p. 211). This allows aggrieved citizens to discover the formal reasons for a decision and, if it is perceived to be flawed or unfair, to challenge the decision. Judges in the courts can review the reasons for the decisions and reaffirm the decision, or overturn it on a procedural basis. Such a determination would not be made on substantive grounds (for instance, on the basis of later evidence, or personal preferences) but on procedural grounds only (p. 211).

Typically such review of administrative decisions relates to those about individuals, for instance tax assessment, or immigration applications (O'Faircheallaigh *et al.* 1999, p. 212). If nothing else, having more transparency in decision-making should reduce the number and/or duration of administrative appeals cases. Typically, some areas are excluded but only by virtue of the sensitivity of their nature, such as intelligence information for reasons of national security. General matters can be included though most of these sorts of decisions tend to be individual (p. 212). It is to be imagined that failure to comply would consistently, or eventually, cost the non-compliant agency considerable costs in terms of correctional action (after court decisions) or legal costs (p. 212).

Case Comments – Cases are to be found in your Case Studies Booklet

Case 2: There is an interesting issue of transparency that might not have occurred in the policy process but which seems visible in the author's account. The case shows some 'behind-the-scenes' dealing and thinking that is not so unusual in policy-making though it is uncommon to see it openly written about. The policy produced a method of payment for education which also has relative transparency—students know how the scheme works and how to calculate their costs. However, it does not appear that this was an explicit part of the policy as it was formulated.

Case 9: According to the author of this case, the most effective aid agencies are those that are most responsive to local needs, open to public scrutiny, and endlessly self-critical (p. 148-149).

Self-Assessment Activity 7.3

Is transparency just another accountability mechanism? If so, what is its particular feature and what benefits do you think it serves?

Is transparency a key issue in your home country? If so, how does it work? If not, should it be?

7.3 Participation and Consultation

There is now extensive literature on public participation and consultation in policymaking processes. The levels of involvement suggested by 'participation' range from complete devolution of decision-making power to token involvement. A closely allied term 'consultation' can mean anything from a high level of ongoing involvement to mere exchange of information. Clearly, the two are strongly interrelated. A useful definition given by Nichols (1979) takes participation beyond mere involvement on voting day. He defines 'public participation' as:

> *...[A]ny activity by any person, group of persons or organisation, other than elected or appointed officials of government or public corporations, that directly or indirectly is aimed at taking part in or influencing the affairs, decisions, and policies of the government or public corporation.*
>
> (p. 15)

The range of activities which has been defined as open to participation includes intelligence gathering, consultation and advisory planning, program administration, negotiation, delegated decision-making, and control. Throughout this section, consultation is positioned as one type of participation. This is how it is often portrayed in studies.

In its broadest sense, participation recognises the citizen as a policymaker and part of a team of planners, not merely as a recipient of public goods and services.

The basic arguments for and against participation are given below.

Advantages

Participation has two main objectives. First, it is instrumental. When those affected by decisions are involved there is greater likelihood of arriving at a decision which will be appropriate. As well, having been involved in the policymaking process, the citizen (or pressure or interest group) is more likely to accept the final decision, enhancing policy implementation and evaluation. Participation is also developmental. When individuals are involved in policy-making affairs, they may gain a sense of power, dignity and self-respect.

Participatory processes therefore aim to make government bodies more responsive to the wishes of the people by overcoming some of the remoteness engendered by policy-making processes. The most common problem in this respect is the intrusion of complex technological and economic factors which often enable professionals and experts to exert considerable influence. Costs can be minimised by reducing the number of inappropriate or poorly accepted decisions.

Disadvantages

The major argument against participation is the lack of available resources, both financial and administrative, for likely success. Participation does not have immediate rewards. It takes time to involve more participants which may seriously delay decision-making and ensuing implementation. It also becomes more difficult to accommodate greater diversity of viewpoints. Resistance may be encountered which could have been avoided. People lacking expertise may be easily manipulated by bureaucrats and politicians. Public servants may be under increased pressure, making it more difficult for them to carry out their everyday tasks. Finally, there is no guarantee that the most appropriate interests will be represented. Those who participate may be self-appointed. They may be more highly educated members of the middle-class or retired citizens with plenty of time on their hands. Such people may be seen to represent the public when in fact their values and interests are reflective of only a small proportion of the community.

Since it is often accepted that citizens have a role to play in policy-making, we can accept some of the influences exerted by pressure groups, social movements, and others described in Block 5. Having accepted this view, there is still some need for guidance through the difficult process of negotiating with the relevant stakeholders in a policy situation. Collaborative agreement-seeking processes are most desirable (though not always achievable) and it is useful to have personnel able to exhibit the appropriate strategies and behaviours. Thompson (2000) lists the key recommendations of best practice in this context:

- Consider whether the collaborative agreement-seeking approach is appropriate (There must be willingness to share decision-making roles, negotiable points, and the right timing and climate.).
- Stakeholders should be supportive of the process and willing to participate. (Key stakeholders should not be missing because this would undermine the legitimacy of the process.)
- Agency leaders should support the process and ensure sufficient resources to convene the process. (Leaders need to actually, and visibly, support the process and time, staff and technical assistance must be available.)
- An assessment should precede a collaborative agreement-seeking process (This would address the first three issues above and is usually undertaken by a neutral facilitator.)
- Ground rules should be mutually agreed upon by all participants, and not established solely by the sponsoring agency. (To avoid suspicion, involve participants in defining the problem, developing discussion guidelines, establishing attendance requirements, scheduling meetings, making contact with the press, etc.).
- The sponsoring agency should ensure the facilitator's neutrality and accountability to all participants. (The facilitator should work for the whole group, rather than for the governing organisation and, if selected prior to the process, should besubject to review and reconsideration when the process begins.)
- The agency and participants should plan for implementation of the agreement from the beginning of the process. (Decision-making participants need to be involved in implementation and, inversely, those needing to implement must be involved as decision-makers right from the beginning.
- Policies governing these processes should not be overly prescriptive (pp. 55-56).

Case Comments – Cases are to be found in your Case Studies Booklet

Case 2: The Green paper (or 'discussion' paper) was put out providing a clear position about what was intended, but allowing for submissions—to get some comment on how this broad proposal should work (p. 108). It didn't really encourage the exploration of many options (p. 108) and completely omitted the matter of funding policy options(p. 109) thereby avoiding some contentious objections early in the life of the policy (p. 109).

Case 6: There is, in this case, an analysis of the tension of trying to achieve participation and consultation under the new public management in which economic rationales are more powerful than others. The Green Paper that was produced in this case sought neither submissions nor feedback (p. 103).

Case 9: The NGOs in Bangladesh seem to have grown particularly effective in their ability to locate local knowledge, generate new ideas, and reach understanding of problems (p. 149).

Case 10: This case is perhaps characterised by lack of consultation and ailure to appreciate (or care about) the problems of the slum-dwellers.

Case 12: The development, involvement, and support of self-build housing associations is a strong example of participatory policy in one sense. The government involves these groups in the direct implementation of their desired policy by subsiding and funding them and providing other supportive legislation. However, they have not been given, it appears, much voice in whatever decisions are made by government.

Self-Assessment Activity 7.4

By reviewing policies currently being considered try to determine whether any of the above pressures are causal in making that policy of immediate interest. Is there a pressure to cut back on government spending, are citizens applying pressure for governments to provide further information?

Do rational approaches to policy-making accommodate the pressures for participation and consultation, and for ethical behaviour? Would some of the features of incrementalism be more applicable?

7.4 Economic Pressures

Since the economic downturn of the early 1970s many pressures have been placed on governments at all levels. There are pressures to cut back on spending and to increase productivity and efficiency. Economic rationalism (or an emphasis on neo-classical economics approaches) emphasises the need for 'rolling back the state', by reducing public sector's size, spending and activity. It emphasises the effectiveness of the free market.

There is, for instance, increasing pressure for managerialism. This is related to the needs for greater accountability, greater economic rationalism, and privatisation. There is an expectation that bureaucrats should become more like private sector managers. The underlying inference of these pressures—with debatable evidence—is that some of the inefficiencies of the public sector could be overcome and that public sector managers and the public sector as a whole would become more productive.

There may be some contradictions in the managerialist expectation that public servants, especially senior bureaucrats, should be proactive and risk-takers. Such behaviour may place them clearly and unambiguously in the role of making policy decisions. (We dealt with this in the section on Ethics.) They are thus given more discretion while being expected to be more accountable for achieving goals and maintaining fiscal balance. At the same time, they are subject to increasing pressures vis-à-vis freedom of information, codes of conduct, and reviews of corruption. Their success in their careers is now

strongly linked to success in running their departments rather than to seniority as it once was.

There are broader pressures to achieve internal efficiency within government organisations. Governments tend to have more demands placed on them each year and have fewer funds to spend. This requires greater productivity from staff and more efficient management.

Privatisation is one means of seeking these outcomes. While government divesting itself of functions—selling off public enterprises—is one method, contracting out for services has different implications. Many arguments for such privatisation rest on the premise that the public sector is inherently inefficient and that competition can provide incentives for efficiency. There is little clear evidence, however, to indicate with any certainty or consistency where cost savings come from. There is also some debate about whether governments lose control over the quality of service and therefore abdicate their responsibilities for equity and social justice. The nature of the contract, its terms and conditions, controls and performance indicators, will thus all be relevant. The issue of control has particular relevance as it may determine whether the service being provided can be classified as a matter of public policy at all. Certainly the decision to contract out and the choice amongst tenderers has policy implications.

Relevant to this discussion is also the issue of corporate management or corporate planning. Pressures for corporate management are related to ensuring that government agencies are clear about their objectives and that action is taken to achieve them. There is an inherent rejection of ad hoc, seemingly directionless policymaking and activity. It is suggested that clear objectives would lead to more appropriate and better policy. Such a perspective has a clearly rationalist perspective. (Note—do not confuse the word 'corporate' in this context with corporatism, the theory of the state).

Case Comments– cases are to be found in your Case Studies Booklet

Case 2: The HECS policy formulation emerged from an economic efficiency issue—increasing numbers of students could not continue to be educated without a fee being exacted. There was also a desire to control government resources so they could be predicted (p. 28).

Case 4: The pressure for deregulation of the US telecommunications industry is part of these economic pressures. The belief is that monopolies, even those we once thought of as natural monopolies might not make economic sense and can lead to increased prices, reduced efficiency, and lack of diversity and innovation (pp. 72-73).

Case 9: Western countries providing aid to less developed countries are dictating economic patterns and even supremacy by pushing for structural adjustment (p. 145).

Case 11: The essence of this case is a participative and consultative approach. With help from SPARC, Mahila Milan and NSDF (p. 159) women have been involved over several years, and in several communities in identifying the problems with existing sanitation arrangements and preferred solutions for the future. Note that the process has helped to empower people in the communities, involved them in implementation and negotiation

with municipal authorities, and helped to provide real understanding of the issues. Presumably, bureaucrats and/or others in the policy formulation process had unclear ideas about what the cause of the problems was, simply blaming the people in the community (who were unable to maintain the toilets). The process of being involved in the decision-making helped to create capacity-building experiences for the people involved and has equipped them to become involved in other community issues (p. 160).

Self-Assessment Activity 7.5

By reviewing policies currently being considered, try to determine whether any of the above factors are causal in making that policy of immediate interest. Is there pressure to cut back on government spending; are citizens applying pressure for government to provide more information?

7.5 Other Issues

The range of other relevant issues is huge. Further issues are mentioned here but not discussed in detail. This, at least, gives some indication that policy operates in the context of much wider social and political phenomena and that they impact, to various degrees, on the formulation or execution of policy in a society.

Environmental issues, for example, are increasingly being considered. Not only are interest groups taking up the cause of protecting natural forests and other areas, there is global consideration of these matters from leading groups of nations, such as the Kyoto forum. Access and equity principles are relevant in many countries where is deemed just that all have access to employment in an agency and/or to the services it provides. Principles of industrial democracy suggest that public sector employees should be given some rights to determine the way in which their organisation operates.

There are world trends in terms of quality management, continuous improvement, and benchmarking (amongst others). The public sector does not escape these pressures, and senior public servants particularly must be familiar with these principles and their application in the administration of their policies and programs. The ramifications of these trends are economic (affecting efficiency and funding), but also procedural (affecting the ways things are done in organizations). It is now commonly accepted that procedures cannot remain static. There must be improvement, modification, and constant learning, both individual and organisational. The notion of the learning organisation, and now the learning community, have some significance for policy. For example, public agencies can be expected to adopt the principles of learning organizations. They must be open to constant change and responsiveness to the environments in which they operate. This has implications for the policies they develop or modify for the clients or the public in their specific area of policy. Learning communities, as a concept, is concerned with the adaptability and growth of the members of communities; this has particular relevance for policies in areas such as social welfare, regional development, and housing.

Despite these pressures, there are some inconsistencies between the very accountable nature of public sector activity and notions like total quality management (TQM). TQM does not stand alone but is linked to other concepts such as total quality control, quality management, process management, and continuous improvement. However, in principle it is concerned with improvement through examination of the entire process. (In this case it would involve policy-making as a process.) It is concerned with identifying faults and weaknesses at all stages, and with correcting them in a continuous, self-adjusting manner. 'Commandments' in TQM such as 'Establish constancy of purpose', or 'Eliminate annual ratings of employees' could contradict existing and necessary modes of public service management. In the former case, changing political environments and short-term political goals undermine constancy (Stewart 1999, p. 95). In the latter, accountability for the behaviour of public policy implementers might be a critical part of the process.

Any one of these issues and many more could be researched and applied to the public policy context in much greater detail.

Self-Assessment Activity 7.5

List any other contemporary issues that you think are relevant to policy-making in your country. Try to think about the unique circumstances that might exist in your country and whether they might be the cause of different pressures. For instance, the pressures could be as diverse as social structure, levels of poverty and education, war and hostility, history, religion, etc.

If you can identify any pressures, consider what impact they are having on policy development in both short-term and long-term contexts. What impact are they having on big policy decisions and on more routine ones?

7.6 Block Summary

The issues covered in this block have a significant relationship to all of the topics discussed throughout this course. Pressures for economic constraint and/or performance are likely to be most pertinent to policy initiation, succession, and termination. There will be pressure to get items onto the policy agenda, but the number which are actually developed into operating policies will probably be low. There is likely to be increasing pressure to cut back on government spending and activity, so policy succession and termination are crucial. Thorough evaluation of policies, including the costs of implementation, is also important. Policy formulation is under increasing pressure for rationalization as is much government activity, so the rational model is likely to hold more sway than the incremental model.

If a broad definition of public policy is accepted, such as 'everything governments do', then the areas open to public inquiry are extensive. Pressures against corruption and for more open government, freedom of information, and ethics tacitly acknowledge the considerable number of people who may have an impact on public policy. Corruption

inquiries can identify that bias may have affected the awarding of government contracts. Not only is the unfairness of the bias itself an issue but, in a policy sense, this unfairness is exacerbated since the contractor may have a value set that influences the resultant execution of the policy. Contractors who implement government policy play a similar role to street-level bureaucrats, so they have some role in shaping the policy as they do so. Those who select the contractors may be deliberately exerting influence to get their desired policy outcomes. As well as this, the influence the contractors have on the policy is not subject to electoral or other accountability mechanisms in the same way that politicians and bureaucrats are held to account.

The demand for public participation and consultation is strongly related to the matter of policy participants, including pressure and interest groups, and theories of the state. In other words there are some implications for who might be legitimately and practically involved when participative or consultative mechanisms are put in place. Those with pluralist and corporatist perspectives may have different interpretations of what is occurring as policy is developed. For example, a government may claim to be operating a public participation process in its policy development but may only utilize the opinions of a select group of people from the public—corporatism. Or, it may hold public meetings open to all interested participants—pluralism, though the capacity of different groups to express themselves and collaborate in alliances may undermine a totally pluralist form.

Demands for government to be more open and accountable constantly emphasise the democratic process and the need to constantly question and respond to the clientele serviced by the policy—typically the public at large or some subset of the public. In one way or another, the public as a whole is concerned with what is being undertaken with public funds and how equal and fair the distribution of advantage from policy is throughout the society. Governments, having worked to achieve a measure of accountability, cannot be complacent.

Policy is dynamic and constantly changing. The effects of one change can filter through to other areas. In some ways policy-making is a constant monitoring and adaptation of a very large system. Whether small are large, every change will ripple through many parts of the system; further modification may be required, whether immediately or later.

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Further Reading

The following readings relate to a range of selected contemporary issues relating to policy-making. The particular relevance of each is indicated where possible. Note that some of these books have earlier or later editions which will usually fulfil the same purpose, though the chapter numbers may be different.

This is only an indication of possible readings, not a comprehensive list. You may find many other relevant sources for further reading.

Bridgman, P. and G. Davis. 1998. *Australian policy handbook.* 2d ed. Sydney: Allen & Unwin.

Pages 137-139 briefly cover issues of ethics in policy.

Cochrane, A. 1986. Community politics and democracy. In *New forms of democracy*. D. Held and C. Pollitt, eds. London: Sage.

Cochrane examines some ways in which community members become involved in the democratic policy-making process. This is particularly relevant to consultation and participation.

Gummett, P. 1996. *Globalization and public policy.* Cheltenham: Edward Elgar.

Issues of globalization are implicit in the changing economic pressures affecting public policy.

Lane, J-E. 1995. *The public sector: Concepts, models and approaches.* 2d ed. London: Sage.

Chapter 13 explores ethics and policy models.

Parsons, W. 2000. *Redesigning public policy: New direction in postpositivist theory and practice.* Cheltenham: Edward Elgar.

Rhodes, R. A. W. 1997. *Understanding governance: Policy networks, governance, reflexivity and accountability.* Buckingham: Open University Press.

Relevant for its focus on accountability.

Stewart, R. G. 1999. *Public policy: strategy and accountability.* Melbourne: Macmillan.

This entire book is concerned with policy-making with the issues of accountability and strategy underlying the discussion throughout.

Stretton, H. and L. Orchard. 1994. *Public goods, public enterprise and public choice: Theoretical foundations of the contemporary attack on government.* London: Macmillan.

Economic pressures and public choice theory underlie this book's analysis of the pressures on modern states to change their policies.

Commonwealth of Learning Executive MBA/MPA

SC1: Public Policy

Case Studies Booklet

Course Developer: Michele Fromholtz
Lecturer in Public Policy and Management
School of Management
Charles Sturt University
New South Wales, Australia

Course Editor: Mary-Ev Anderson
Vancouver, Canada

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The Commonwealth of Learning
1285 West Broadway
Suite 600
Vancouver, BC V6H 3X8
CANADA
e-mail: info@col.org

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Case Study 1: Health care policy and the state in 'austerity capitalism'

John Mohan

Introduction

State intervention in health care delivery is an established feature of advanced capitalist societies, but the reasons for it and the character of state intervention vary considerably. In this chapter I shall attempt to analyse the nature of and reasons for state intervention in the health sector, concentrating on two states often thought to represent almost polar opposites - the United States and Britain.

One immediate difficulty is exactly how to define health policy. A range of policies could be regarded as being concerned with health in its widest sense - housing legislation, pollution controls, and provision of sanitation are some of the more obvious ones, but others might include regulation of the food, alcohol and tobacco industries (P. Taylor, 1984), road safety legislation, and town planning regulations. These all affect health in one way or another, and state policies in one sphere can contradict those in another. Note, for instance; the recent criticisms in Britain of the government's limited increases in cigarette taxation (Public Accounts Committee, 1989), and in particular the view that decisions made by other government departments 'profoundly influence' the underlying causes of heart disease.

On a narrower definition, health policy includes, as well as health care, several measures designed directly to promote health, whether focused on individuals (advocacy of 'healthier' lifestyles through the exercise of individual choice), on workplace and environmental hazards, or on social class influences. Since the definition of and the explanations adopted for health inequalities very much reflect political ideology (Carr-Hill, 1988) it is not surprising that major differences of approach are evident between states, as has been shown via a comparison of Britain, Italy and the United States (R. Taylor, 1984). In Britain debate has been polarised between materialist versus individualist explanations, with the Conservative government sternly rejecting the Black Report (Townsend and Davidson, 1982) on inequalities in health, because of the expense of the programme of collective action it required, and favouring instead an individualist approach. But while people do make choices about their lifestyles, they do so in a context heavily structured by government decisions (Smith and Jacobson, 1988).

In order to narrow the scope of this chapter, I concentrate on health *care* policy, that is, on efforts to guarantee access to health services rather than on policies to improve and promote better health. Discussion is organised around the following themes. First, I briefly present comparative statistics on health care in various OECD states, and I discuss the problems inherent in comparing health care delivery systems, since this influences judgements about state intervention in health care. I

also note the problems of assessing the results of delivering health care, in terms of the adequacy and equity of the system.

Second, I discuss the various explanations for state intervention in health care. Health care is a complex area of public policy, which highlights some key explanatory problems, especially functionalism, associated with analyses of the state, particularly from a Marxist standpoint. Explanation of health care policy cannot rely on single factors, general trends or universal principles, but must be related to historical and geographical specificities, and to class and non-class forces.

I then analyse state health care policy in Britain and the United States over the past decade, focusing on the efforts of right-wing governments to promote the 'restructuring' of the welfare state. There are three key issues here: efforts to promote cost containment; attempts to achieve internal reorganisations of health care delivery via deregulation and privatisation; and the changing balance between central and local tiers of the state, with an accompanying localism in health care policy. Arguably, the state is taking a more proactive stance, promoting a specific vision of state responsibility, but its scope for doing so may still be constrained, raising questions about the limitations to such strategies.

Finally, I consider future health care policies in Britain and the United States against the background of the views of those theorists postulating the 'end of organised capitalism' (Lash and Urry, 1987; Offe, 1985). I speculate on whether these developments indicate a novel role for the state as a coordinator, facilitator, and provider (possibly of last resort) in a decentralised, pluralist system of health care provision. However, this development should not simply be 'read off' from the postulated development of 'disorganised capitalism': it should be understood as a consequence of particular conjunctures of political forces.

Comparing health care delivery systems

Differences in health care expenditures may have very little to do with the extent of state intervention, and much more to do with demographic and economic factors. Countries at apparently similar stages of economic development can differ with regard to demographic factors and patterns of illness, which in turn influence need for health care; these can create problems of measurement and interpretation. Demographic factors might include differences in age structure, population density and distribution, birth and death rates and morbidity, economic factors could include industrial and occupational structure, public and private insurance coverage, reimbursement structures, provision of health-related social services, and so on.

Table 1.1 presents some basic data on health care expenditures in twelve OECD countries. The first columns illustrate the proportion of GNP accounted for by health care expenditures, looking first at public health care expenditures and then at total expenditure. There are very obvious differences with the United States, for instance, spending 4.4 per cent of GNP on public health care, but in total spending 10.7 per cent of GNP on health care; conversely, Sweden spends 8.6 per cent on public health care and 9.4 per cent in total. Another way of looking at this is to examine public health care expenditures as a percentage of total health care expenditures and to look at

trends over time. Columns 6 and 7 demonstrate how this ratio has grown from an OECD mean of 61 per cent in 1960 to 78 per cent in 1984; countries in which growth had been especially rapid include Australia, Canada and the United States, with expansion in the latter case being due to the growth of expenditures on Medicare and Medicaid, the key public programmes introduced in the early 1960s. The OECD states seem to be approaching saturation in terms of the proportion of public health expenditures on health care, which might be taken as evidence of a trend towards increased state intervention in health care in OECD nations.

These comparisons tell us little about the outcomes of the expenditures on health care. The relations between health care provision and health status are not clear. Agreed comparative measures of health status, such as infant mortality rates and life expectancy at birth, are easily available, but no obvious correlation can be shown between expenditure and outcomes. While most West European states have among the lowest infant mortality rates and highest life expectancies, it is not obvious that increased expenditures lead to better health. Thus the United States, with the highest expenditure in the world on health care, is far from being the healthiest; indeed its infant mortality rate is bettered by fifteen OECD states; Japan and Norway, spending 6.6 per cent and 6.3 per cent of their GNP respectively on health care, achieve infant mortality rates well below those of the United States. Conversely, state intervention does not guarantee improved health, since most East European states have what are in effect nationalised health systems but they also have relatively poor health standards.

Table 1.1: Comparative Indicators of Health and of health Care Spending in Selected OECD States

	Public Health exp. as % of GDP [1]	Total Health exp. as % of GDP [1]	Male Infant mortality Rate [2]	Life expectancy at birth	Ratio of public health exp. to total health exp.		Public coverage for hospital care	
					1960	1987	1960	1980
Australia	6.6	7.8	10.5	72.2	47.6	84.5	77	100
Canada	6.2	8.4	10.4	72.0	43.1	74.4	68	100
France	6.5	9.1	11.2	70.9	57.8	71.2	85	100
Germany	6.4	8.1	10.6	71.3	67.5	78.2	86	95
Greece	3.6	4.6	16.4	73.6	57.9	79.3	30	98
Italy	6.1	7.2	17.1	71.0	83.1	84.1	87	100
Japan	4.8	6.6	6.6	74.8	60.4	72.1	–	100
Norway	5.6	6.3	8.7	72.8	77.8	88.8	100	100
Portugal	3.9	5.5	22.1	69.1	–	71.1	18	100
Sweden	8.6	9.4	7.1	73.5	72.6	91.4	100	100
UK	5.3	5.9	12.2	71.3	85.2	88.9	100	100
USA	4.4	10.7	12.8	70.9	24.7	41.4	22	40
OECD Average	5.6	7.2	11.6	71.0	61.0	78.7	75.3	95.3

Notes:
1. 1984.
2. Deaths per 1,000 live births.

Source: OECD, 1987

The distributional consequences of intervention also need to be examined, not least because a primary rationale, at least in ideological terms, for state intervention has been the need to redress social and spatial inequalities in access to health care. While most OECD states are approaching 100 per cent in terms of public coverage for health care, the United States is a glaring exception.

Despite the availability of Medicare and Medicaid, the 'working poor' (those on low incomes and in temporary or part-time work) have very limited or no health insurance, so that the United States has been characterised as the 'land of the free, the home of the uninsured' (Cohodes, 1986), and there remain significant problems of access to care (Aday, Anderson and Fleming, 1980). In Britain there are major inequalities in access to primary care especially for the urban working class (Acheson, 1981) and, even in an ostensibly more egalitarian system, the middle classes consistently benefit more from the NHS than the working class (Le Grand, 1982). Finally, there is the question of the efficiency with which resources are used. Hospitalisation rates, and the rates at which common surgical procedures are carried out, vary greatly but are in general highest in market based systems - with no discernible improvements in health status (see Ham, 1985).

So any comparison of health care delivery systems is a somewhat fraught business, and must consider the outcomes, equity and efficiency of the health care delivery system. In addition, any analysis of state involvement in the health arena should bear in mind that the state can intervene in health care provision in three main ways: provision, subsidy and regulation (Le Grand and Robinson, 1984). High levels of state provision, as in the United Kingdom, may be atypical for most West European states have a substantial private health care sector, to which access is guaranteed via membership of national health insurance schemes (see Maynard, 1974). Furthermore, what the state actually does varies between levels of government. Perhaps the most complex system is the United States's, where the *Federal* government's most important role is as a financer of health care; it accounts for some 30 per cent of total expenditure on health care in the United States, mainly through its programmes for the elderly and the poor. The Federal government's regulatory functions include setting standards and policing the food and pharmaceutical industries, while its role as provider is confined to Veterans Administration hospitals and (to a limited degree) medical education. The States share a responsibility as third-party payers for the Medicaid programme, they exercise substantial regulatory powers (e.g. the supervision of nursing homes, and the licensing of medical practitioners), and they are also providers of care, mainly via mental health institutions and some acute hospitals. The state is principally involved as a provider at the local government level where it operates public hospitals, neighbourhood health centres and performs public health functions. Regulation is limited to activities related to sanitation, such as licensing restaurants and enforcing minimum housing standards, while local goyernments'are involved as third-party payers only in those areas that purchase health care for the medically indigent. This diffuse system of public involvement in health care delivery is reflected in a complex network of relations between government and the health industry and of course in a considerable amount of interaction between levels of government (Schmandt and Wendel, 1983, p.222). Even in relatively simple organisations such as Britain there are problems of fragmentation of responsibility; while the NHS is primarily responsible for curative health services local government also has an important role to play, especially with regard to community-based care of the mentally and chronically ill and there is at present poor coordination between the services (House of Commons, 1985).

The extent and character of state intervention has varied over time. Initially the regulatory role of the state was most important, especially with regard to supervising qualifications for entry into the medical profession in both Britain and the United States (see Starr, 1982). Subsidy and state provision came much later, with most Western capitalist states seeking to expand access to health care in the early post-war years; policy-makers focused on construction and modernisation of

hospitals, the promotion of biomedical research, and expanding access to services (de Kervasdone and Rodwin, 1984, p.5). Differences among nations existed in the post-war years, for instance in terms of systems of physician remuneration, the balance between public and private health care and so on, but there was general agreement on the need to extend the benefits of biomedical research as widely as possible, a goal which it seemed possible to achieve given rapid economic growth.

Prior to the 1980s, then, state intervention in health care was motivated by considerable faith in the capacity of the biomedical model of health to produce 'cures' for society's ills, and was facilitated by rapid economic growth. Neither condition held during the 1980s. Attention switched to inequalities in health and the social production of ill-health (Townsend and Davidson, 1982), and to the critiques of the effectiveness of modern medicine. These helped to undermine confidence in the provision of curative health services, but on their own do not account for the reduced rates of growth of health expenditures in the 1980s. More important have been the accessions to power of governments elected on a tax-welfare backlash, committed to cost-containment and, where possible, limiting the role of the state.

In summary, there is evidence of a convergence of national health care systems, in the broad direction of greater state involvement and intervention, but there are also great differences in the way health care is organised. The most obvious contrast is between Britain, where action by the state has been concerted, deliberate and top-down, and the United States, where the state has intervened essentially in order to seal gaps left by the largely market-based system.

Explanations for state intervention in health care

A number of different explanations have been put forward for state intervention in the health sector, with varying degrees of success. Here I compare and contrast these, focusing in particular on the key explanatory problems that beset many Marxist analyses.

R. Taylor (1984) contrasts some general models of the 'structural roots of variation in the development of welfare states in capitalist societies'. One of these focuses mainly on ideas and attitudes and explains health policy in terms of a convergence in these across different states (p.91). A second approach relies on cross-sectional data to test statistically the relationships between welfare expenditures and rates and levels of economic development, concentrating on the process of 'modernisation' and linking stages of economic development and political modernisation to the development of welfare states (Flora and Alber, 1981). Thus developments in welfare provision are related to three sets of variables: levels of socio-economic development, especially industrialisation and urbanisation; political mobilisation of the working class; and 'constitutional development', measured in terms of the degree of enfranchisement of the population and the extent of parliamentaxism. Ringen (1987, p.30) breaks down the notion of 'modernisation' into several component factors: the increasing complexity of society, its democratisation, the growth of new interest groups (producers and consumers of welfare), economic growth, demographic change, and what he terms 'dramatic events' such as wars. However, such accounts rely heavily on cross-national data (with all the problems of comparability that implies) as well as on evolutionary, developmentalist theories of how societies

work. The latter tendency is evident in Flora and Heidenheimer's claim that because non-democratic and non-capitalist societies have established very similar institutions, the welfare state 'seems to be a far more general version of modernisation, not exclusively tied to its "democratic-capitalist" version' (Flora and Heidenheimer, 1981, p.23). Such analyses can identify important general tendencies across states, but the interesting features of individual nation-states are thus subsumed under broad categories; 'general deductions based on national values' cannot provide a satisfactory explanation of the development of social policy in any one country (Weir, Orloff and Skocpol, 1988).

Pluralist accounts stress that political power is widely distributed, and that no one group is dominant; consequently, each can exercise some influence. There is no systematic bias to the exercise of power and therefore what is important to pluralists is the minutiae of negotiating processes. The strength of such an approach is its emphasis on detailed description of the actions of key individuals and interest groups in shaping health care policy; good examples would be Pater (1981) on the process of policy formulation prior to the setting up of the NHS and Rivett (1986) on the London hospital system. However, pluralists tend to downplay wider social and political influences and constraints on state intervention, concentrating on details of policy formulation and seeing the state as some kind of independent and benevolent arbitrator. One obvious difficulty is that not all groups can enter the health policy arena with equal confidence, since the medical monopoly of knowledge is itself a source of power. Hence, community and consumer groups, and, their interests, have limited likelihood of being addressed. The systematic exclusion of community groups from the health policy agenda is a feature of Alford's (1975) analysis of health care politics in New York; in Alford's terms the interests of such groups are 'repressed'. More generally, the state can effectively dictate and shape the policy agenda by its own decisions on who shall and shall not be incorporated into the policy process, a good example being the attack on trade union and local authority representation on health authorities in Britain. In such circumstances the pluralist claims of equal access to and participation in the policy process ring rather hollow.

Marxists have persistently criticised such approaches, arguing that health care policy is primarily determined by the nature and outcomes of class struggles (Navarro, 1978, 1986), and eschewing general theories of welfare state evolution, in favour of 'specific historical accounts of state responses to the political articulation of class interests' (R. Taylor, 1984, p.98). They have also highlighted the structural constraints on state intervention. Following Offe (1984) the argument has been that there are 'selection mechanisms' which a priori exclude anti-capitalist health care policies (Renaud, 1975). While the capitalist state can intervene to try and regulate health care provision, limit or prevent disease, and control the social production of ill health, it 'cannot reorganise the economy so that less illness is produced' (Renaud, 1975, p.565). The fact that the state is capitalist by definition limits its capacity to intervene in or solve social problems. This usefully reminds us of the general limits to state intervention, but is not helpful with regard to what is or is not legitimate in individual capitalist states.

The more general problem with Marxist accounts is their reliance on functionalist explanations which attribute events either to the needs of capital, the demands of the working class, or a combination of both. For instance, for Navarro (1978) events in the British health sector are usually 'determined', on the one hand, by working-class demands (by the degree of militancy of

organised labour), and on the other hand by capital's requirements, notably for the reproduction of a healthy workforce. The problem is that we are never really sure which is dominant or determinant. Thus growing state intervention in health care is related by Navarro to increases in working-class militancy, but most of the measures to which he refers were usually implemented some years after this militancy peaked. Navarro fails to show the precise links between the demands formulated by the working class and the articulation of these demands in policy formation. This illustrates two principal theoretical problems: the functionalism inherent in attributing these role to the state (see Urry, 1981, pp. 116-21; Hindess, 1987); and the teleology of explaining welfare policy developments - indeed all developments in state policy - in relation to the 'balance of class forces' prevailing at any given time (Harris, 1980).

The problem with accounts like Navarro's, which stress political class struggle, is that, first, there is no automatic guarantee that the existence of a working class will lead to the articulation of demands for welfare, or that class struggle will lead to such demands, because 'the factors relevant in the structuring of interests as against capital are not necessarily those relevant in the structuring of interests with reference to state welfare' (Wetherly, 1988, p. 31). Sectionalism within the working class can impede the development of pressure for welfare services; Starr (1982, p. 245) cites the American Federation of Labour's opposition to national health insurance, which they felt would undermine their own role in providing insurance for their members (see also Stevens, 1988), and Davis (1984) notes that American unions have tended to bargain for 'strong welfare states in single unions' rather than for national, comprehensive welfare provision. Secondly, Weir, Orloff and Skocpol (1988, pp. 15-16) argue that an emphasis on political class struggle would neglect a number of interests not structured on class lines: 'the distinctive dynamics of American social policies have been rooted in shifting political coalitions which include, but necessarily go beyond, business and labour.'

This latter point also hints at the importance of producer and professional interest groups in the health care policy arena. The medical profession is the most obvious example here, and Cawson (1982, p. 91) claims that 'the postwar history of the NHS can be persuasively analysed as an unfolding interplay between professional and managerial elements'. Similarly, Alford (1975) has interpreted health care policy in the United States in terms of a conflict of interests between 'professional monopolists', seeking to protect their control over teaching, research and care, and the 'corporate rationalisers', seeking to extend bureaucratic and managerial control. Moreover, the autonomy of the American medical profession has at times been almost absolute, if its effective veto of national health insurance schemes is anything to go by.

A final point identified by Weir et al. is the need to understand the process of state formation: 'political struggles and outcomes are jointly conditioned by the institutional arrangements of the state and by class and other social relations.' Hence the United States's development as a federal constitutional republic, its early mass democratisation, and its relatively late development of bureaucracy, has produced an exceptionally fragmented polity, in which neither capital or labour have found it easy to operate as unified political forces. The key political division, they claim, has been between a mass two party democracy in the east, north and west, and a one-party racial oligarchy in the south. This has been an innate force for conservatism in US politics, effectively inhibiting policies for reform and 'setting parameters to welfare policies'. Furthermore, the federal state structure, with its decentralised and non-programmatic political parties, has offered greater

leverage to interests that could associate across many local political districts and this has been exploited to the full by the AMA to block proposals for "national health insurance. Consequently, rather than develop in the incremental manner of European welfare states, many progressive measures have been dashed on the rocks of these conservative forces. Policy breakthroughs have been clustered - the New Deal in the 1930s, the Great Society in the 1960s - and were implemented by coalitions that emerged during nationally-perceived crises that were widely understood to call for positive government action (Weir et al., 1988, pp. 16-25).

The approaches reviewed are thus of varying validity in accounting for the involvement of the state in health care. Cross-sectional studies usefully direct attention to general trends, but are weak on explaining events in individual states; pluralist accounts give much greater attention to detail and have-supplied fascinating historical material. But neither really pays attention to the wider social and political context and to the articulation of class and non-class forces and their influence on welfare policies. It is this that strengthens the case for a political economy of health as developed by numerous Marxist theorists, though this is still achieved at the expense of functionalist explanations. Finally, it is important to stress the process of state formation: without an awareness of how political structures developed, analyses of political conflicts and class struggles are somewhat limited.

The entrepreneurial welfare state? Health care policy under Reagan and Thatcher

In their encounter with economic crises since the mid-1970s, states have had to develop new tactical approaches to welfare provision. Gough (1979) postulated that, in such circumstances, we would find 'not so much cuts or a dismantling of the welfare state, but its *restructuring*', and that the state, 'acting in the interests of its national capital, will seek to alter and adapt social policies to suit the perceived needs of that capital' (p. 138; emphasis in original). There is no automatic correspondence between capital's 'needs' and state policies: the ground for these policies has to be established politically. The importance of the Reagan and Thatcher regimes is not just that they are among the first governments explicitly to attempt to check the growth of state expenditures on health services, but also that they have attempted to take a proactive stance in reshaping the health care policy agenda, in ways that were perhaps unanticipated by analysts of welfare state restructuring. Thus Conlan (1988, p. 2) argues that government in the United States 'has ceased to be the passive instrument of external social and political forces and has become an active, autonomous originator of change'. Likewise in Britain the state has been actively promoting a novel, entrepreneurial role for health authorities within a more business-oriented NHS. I first discuss the wider political strategies adopted by these governments and then consider the implications for health care policy in relation to three areas: state moves towards deregulation and privatisation; attempts to gain control of health care costs, which has involved the state in conflict with the medical profession; and the changing relationships between central and local tiers of the state in the two countries. I preface these comments with a brief summary of the overall tactics of these governments.

Managing decline: deintegrative politics and welfare

The Reagan and Thatcher governments have used what Krieger (1987) terms their increased 'decisional autonomy' to pursue novel policies which he (1986) terms 'deintegrative' strategies: these have 'arrested, and indeed partly reversed, the historic tendency for citizenship rights to expand from civil rights to political rights to social rights'. In outline there are important similarities between the policies of these governments. Both were elected on a manifesto relating to rolling back the state; both were elected via a coalition-building process which ensured a majority if they placated certain groups of the electorate. Moreover, both were conscious of the limitations of the post-war 'Fordist' regime of accumulation which had funded rapid growth in welfare programmes for some thirty years, but was beginning to break down with the onset of 'austerity capitalism' (Bodenheimer, 1989). The political problem that would emerge was therefore how to manage decline and how to displace the costs of change onto certain marginal groups and constituencies. In Britain the solution adopted was a 'two-nation' politics (Jessop et al., 1984), a socially and spatially selective strategy to prioritise those groups and areas likely to deliver a Conservative majority. In the United States, Davis (1984) charts the rise of an unlikely alliance between 'corporate capital and the new middle strata in a strategy of cost displacement towards the working or unwaged poor'. Bodenheimer (1989) borders on the extremes of functionalism, arguing that in the era of prosperity capitalism health expenditures could increase the productivity and longevity of all workers and have a counter cyclical effect, in the Keynesian sense, on demand. These conditions no longer hold, since an economy based on the exploitation of low-paid service sector workers finds it easier to 'replace' rather than 'repair' the sick; hence the economy can continue to function with 'good health care for those who deserve to be repaired, minimal services for those who can be junked' (p. 534). This vision of cost displacement was coupled to Reagan's version of a 'new Federalism': the basic problem of government was the size of government; as far as possible, therefore, responsibilities should be decentralised to state and local governments.

On this apparently radical programme one might have expected radical initiatives: a move towards insurance-based health care in Britain, perhaps, or much greater competition and deregulation in the United States. In practice the efforts of both regimes to 'roll back the state' have been limited and partial. One great difficulty has been the 'embarrassing secret' of the welfare state (Offer 1984), which is that the Right has yet to demonstrate that advanced capitalism without the welfare state would be viable. Certainly, in Britain public support for the NHS has been such that the government have been swift to avow their support for the service. The airing of radical alternatives for public debate has been achieved through a loose association of right-wing 'think tanks' (the Centre for Policy Studies, Adam Smith Institute, etc.) operating at arm's length from government but whose members have close interpersonal connections with it. (The US equivalent would be organisations such as the Heritage Foundation.) This secretive section of the 'policy community' undoubtedly had a great deal of influence on the NHS review, but because the government were able to disown ideas emanating from it, some of its wilder flights of fancy obtained a hearing without besmirching the government's reputation.

A second reason why rhetoric has not matched reality is the practicalities of implementing major reforms in both states. In the United States the system of government is 'uniquely designed to make quick and radical policy shifts difficult to carry out' (Morris, 1987, p.83), notably in terms

of the ability of Congress to check Presidential power. Thus Reagan was not always able to guarantee Congressional support for his policies and so the principal effects of his policies have therefore (to date) been a slowdown in the rates of growth of health expenditures (Palmer and Sawhill (eds), 1984). In Britain there has also been the question of timetabling major legislative changes and the relationship of policies on the welfare state to the rest of the government's domestic agenda. The first terms of Conservative government concentrated heavily on neutralising some of their principal opponents such as the major industrial unions and left-wing local authorities, as well as on policies designed to revive the economy. Major social policy reforms were left until the government had achieved some successes on the economic front and had consolidated its position at the polls. Thus Reagan did not succeed in returning social policy to its pre-New Deal days; nor has Thatcher yet reversed the tide of collectivism.

Deregulation and privatisation

What is perhaps surprising about these governments is the relatively limited steps they have taken to introduce fully-blown competitive health care systems. Thus the Thatcher government's initial term of office was characterised by policies which, some felt (Klein, 1984) marked a retreat from ideology in the face of considerations of practical politics. Yet this is debatable. It is true that few steps were taken to privatise the entire service, challenge vested interests, and/or reduce funding; but in light of other battles the government was fighting, on the economic and foreign fronts, this is hardly surprising. More revealing was the set of policies imposed, in some haste, after the 1983 election, involving expenditure cuts, staff reductions, competitive tendering for ancillary services, and management reforms. Furthermore, admittedly with the benefit of hindsight, there is a thread of continuity between policies put forward as early as 1981 and those being proposed in both the 1987 Health and Medicines Bill and the 1989 NHS White Paper, namely the emphasis on welfare pluralism and the blurring of the boundaries between public and private sectors (Mohan, 1989; Davies, 1987). Kenneth Clarke admitted as much in arguing that the NHS White Paper represented 'a change of pace, not a change of direction' (*Hansard*), an indication that the government has not just responded to political exigencies but has had a strategic vision of the future NHS. Although the government has not sought to replace the NHS, it has steadily increased the scope for private funding and provision of services: direct steps taken include relaxations of controls on the size and location of private hospitals, allowing NHS consultants to undertake more private practice without loss of NHS salary, encouraging private - public sector collaboration, and (since 1980) providing state funds for long-stay care: the blank cheque written for the nursing home industry, amounting to around a billion pounds annually by 1988, is hardly marginal. Moves to a mixed economy of welfare are well underway.

There is also evidence 'of an ideological strategy designed to wean the electorate gradually from the view that only the state can provide, and designed to break down barriers between public and private sectors. This has taken the form of ministerial rhetoric emphasising the valuable contribution the private sector can make in supplementing the state's limited resources, and the importance of individuals providing for themselves and their families. This has been accompanied by the encouragement of less 'formal' sources of care via the promotion of an ideology of 'active citizenship' and the stress on the 'community' as the first port of call. In practical terms these statements have been allied to subtle efforts to shift some of the burden of financing away from

the state: the endorsement of the income-generating activities of health authorities, the inexorable rises in prescription charges, and the imposition of charges for optical checkups, are but three. If this is not a minimal state, it is certainly a more restricted state.

But possibly the most far-reaching development has been the introduction of a managerial strategy aimed at a major internal reorganisation of the way the NHS operates. The emphasis here has been on higher levels of 'performance', concentrating on quantitative measures of inputs and resource use, rather than on the outcomes of treatment or on health status. This fuelled criticisms that performance measurement was a 'blunt tool', aimed at subjecting to market criteria 'those parts of the public sector which could not be privatised or subjected to the sanitising discipline of the trusty market' (Pollitt, 1986). In organisational terms the notion of 'administration' has been replaced by 'management', which is intended to improve accountability by identifying individuals who can be held responsible for achieving narrowly and centrally defined objectives (Petchey, 1986). The intention and effect has been to shape the policy agenda in the Conservatives' desired image; coupled with systematic replacement of non-Tory members of health authorities, this has stifled opposition by both presenting a substantially revised policy agenda and restricting the capacity of oppositional elements to debate that agenda. It has been claimed that these developments betoken the increased ability of the state to dictate and shape the policy agenda (Haywood and Ranade, 1989), a point which echoes Krieger's comments about the 'decisional autonomy' of the Thatcher and Reagan administrations. The state is to be a more managerial, decisive state.

Privatisation would be a less appropriate way to describe the tactics of the Reagan administrations, and some commentators have questioned whether some of their key policies (like the Diagnosis-Related Groups (DRG) system of prospective, fixed-rate reimbursement for Medicare and Medicaid patients) represent a competitive or regulatory strategy (Luft, 1985). The sole Federal-sponsored efforts at planning, the Health Systems Agencies (HSAs, introduced in 1974) have been abandoned, since they are regarded as barriers to competition; hence new hospital finance will depend not at all on any criteria of 'need' and rather more on access to capital finance. This is perhaps not as significant as it appears, for States had limited directive powers; influencing hospital system development depended largely on cooperation with hospital providers acid, there were no formal powers to direct new hospital investment where it was most needed. Even so, eleven States have repealed their Certificate of Need programmes and only forty (out of 142) HSAs remain in existence, their funding having been picked up by States.

Federal attacks on Medicaid funding, and on federal health programmes, perhaps represent an implicit form of privatisation, for they throw much greater responsibility for financing health care for the poor onto individual States, and they have forced health facilities into a de facto competitive strategy. Thus Reagan's 1981 Omnibus Budget Reconciliation Act (OBRA) replaced categorical funding for various health care programmes by a block grant system, in which individual States were given the opportunity to make their own decisions on priorities for health care spending, within an overall budget cut by 21 per cent. The effect on mental health services has been that many community mental health centres have become far more 'entrepreneurial' and access to them has been denied to more groups of patients (Brown, 1988, pp.68-70). The only exception to the block grant system was the primary health care programme, which was funded separately as an individual block grant after considerable resistance in Congress to Reagan's

proposals (Sardell, 1988). Ginzberg (1986) argues that there has been a 'destabilisation' of health care, notably by attacks on the ability of the system to provide for the poor by cross-subsidising; the scope of providers to fund such care has been removed by competition.

Finally, Kinzer (1988, p.114) suggests a number of limits to the competition-based strategy. These include the mounting evidence of electoral support for a national health programme, and the strength of public support for local hospitals, even to the extent of voting for greater local taxation in order to keep them open. Kinzer also points to the ways in which the national rates for the DRG system have been varied and qualified with allowances for a number of factors and, in a echo of a 'market failure' argument for State action, shows the number of ways competition is restricting access to health care for the poor and therefore claims that regulation is necessary to ensure that they get it. Finally, there have been 'thoroughgoing political interventions' in States known for their 'freewheeling, competitive systems': for instance, Florida has passed a law to tax the net profits of hospitals in order to enrich its Medicaid programmes.

Thus neither state has been able to implement a full competitive strategy, although both have introduced substantial innovation and partial privatisation. But the achievement of the Thatcher government has been to recast the character of management and service delivery in the NHS, and to instal value for money at the heart of public sector management more generally (Hall, 1985). Finally, there is evidence from the United States that a strategy of 'rolling back the State' may require greater State regulation and some form of intervention to guarantee the provision of services for the poor. As public awareness of the gap between the quality of public and private services grows, this may act as a stumbling-block to further deregulation and competition.

Confronting professional autonomy: the medical profession and the state

The extent to which any state is able to confront, cooperate with or defeat organised special interest groups is a key index of the state's autonomy. In health policy the state's interests are often in conflict with one of the best-organised and well-connected interest groups, namely the medical profession. For many years the situation in many states was a compromise which, tacitly or otherwise, accorded considerable autonomy to the medical profession. Bevan's famous remark that he ensured medical support for the NHS by 'stuffing the doctors' mouths with gold' reminds us that this lobby was not only bought off but that several bargains were struck (freedom to practice privately; substantial professional representation in management) which in effect branded the NHS a curative, hospital-based service. Even within the NHS, the scope given to the medical profession was such that, while total spending was determined by the state, doctors were the final arbiters of resource allocation by virtue of their clinical decisions. Furthermore, economic growth and expansion in NHS resources shielded doctors from pressures for cost containment, but as the expansion of the capabilities of medicine began to hit the ceiling of cost containment from the mid-1970s onwards, the issue of medical autonomy came to the fore.

In the United States, the lobbying power of the American Medical Association virtually enabled them to veto federal proposals for a national health system. Even when a Congress with a substantial Democrat majority was able to push through proposals for insurance programmes for the elderly and the poor, the AMA bargained for and won 'fair and reasonable' reimbursement

rates, guaranteeing (at first) that they would profit from the programmes. As the US health care system has been increasingly plagued by cost containment problems in face of galloping inflation, the 'most significant battle now emerging is that between practising physicians and management' (Fuchs, 1986, p.302). However that battle is more likely to be joined at the State level than at the Federal level.

This is not so in Britain. What has for long been a relatively cosy relationship between the medical profession and the state has been ruptured by a confrontationalist government, bent on imposing its will on the NHS. Three key challenges to medical autonomy have emerged: the Griffiths report on NHS Management, the negotiations over the terms of GP contracts, and the NHS White Paper. For the government, the common theme of these proposals is that, despite the enormous sums of money poured into the NHS, major variations remain in the effectiveness and efficiency of the service, which must be ironed out through determined managerial action. Elston's (1988) analysis is drawn on here, to sketch the contours of the growing conflict between the medical profession and the state.

Perhaps ironically, the Conservatives' first term 'of office included concessions to the medical profession in the form of greater opportunities to practise privately, but within a few years the use and abuse of these opportunities was the subject of media and political criticism. In the face of a steady assault on their expenditure record the government had to find a scapegoat and, as the principal allocators of resources in the NHS, it was perhaps inevitable that an accusing finger would eventually be pointed at the medical profession. The attack has taken the form of criticisms of 'inefficiencies' and of variations in 'performance'; the medical profession were excluded from the NHS review in 1988, an indication of the government's non-corporatist style of policy-making; and Kenneth Clarke's pejorative dismissal of the British Medical Association as a 'trade union' is only the latest in a series of diatribes. Taken together these all amount to 'a confrontation with the medical profession (Davies, 1987) by a government determined to use its decisional autonomy to impose its new managerial vision on the NHS. The irony is that a less aggressive approach might have achieved the government's ends. Techniques of clinical audit are gradually gaining acceptance, as is the principle of peer review, but what is really important is on whose terms clinical audits are to be introduced (Elston, 1988). However, the imposition of the GP's contract, and the introduction of the NHS reviews, without trial schemes, are viewed as evidence of a totalitarian approach to the exercise of power by a government which clearly believes that its enormous Parliamentary majority gives it the scope to offer fundamental challenges to vested interests.

There seems no such danger in the United States. Indeed, the various levels of government are only one among a number of players at the policy table and they by no means hold all the aces: 'everywhere there are signs of constriction on traditional professional prerogatives' (Stevens, 1986, p.75). The most important Federal initiative has been the imposition of a prospective payment system for Medicare and Medicaid patients. Since the Federal government accounts for nearly 40 per cent of all health care spending through its contribution to these programmes, this would be expected to have a major impact on physician autonomy by forcing hospitals to cut costs. It has certainly helped shift the locus of decision-making from physicians to administrators but this is not just due to state action; general commercial pressures and the oversupply of physicians have forced the doctors' hand (Stevens, 1986).

One consequence is that individual States have taken a firm line with the medical profession but they have done so largely through alliances with business interests. Bergthold (1984; 1987) argues that in certain circumstances the 'purchasers [of health care] can overwhelm even the substantial power of providers to block regulation and planning', citing the example of California where business and the State succeeded in introducing a greater measure of price competition among doctors and hospitals, following a crisis provoked in part by a 3 per cent cut in Federal support for California's generous Medicaid programme. The defensive response of the physicians and hospitals even alienated some of their traditional Republican supporters, and in the end the 'physicians found themselves out of favour, out of power and at each other's throats'; the producer interests were 'crowded off the board' by pressures from the budget, business coalitions and insurance companies (Bergthold, 1984, p.211).

Thus professional autonomy is being challenged in both Britain and the United States. In Britain the government is sufficiently confident to confront professional groups which had hitherto enjoyed considerable freedom, while in the United States the Federal government is taking similar steps though partly motivated by its desire to cut health expenditures for the poor. The British government's confrontation with the medical profession may eventually prove counterproductive because public support for the NHS, and public esteem for doctors remain high. In the United States this seems much less likely, because the state is not alone in wanting to contain costs; business pressures, allied to physician oversupply, are serving to weaken the autonomy of doctors without the state needing to step in; as Kinzer (1988, p.116) remarks, 'in an era when the talk is all about less government and more free enterprise, most doctors feel less free than ever'.

Localism, centralism and autonomy

In some respects state involvement in health care in Britain and the United States lies at two ends of a continuum: a highly decentralised patchwork of services in the United States, compared to what is a very centralised system in Britain; considerable autonomy in the United States, compared to limited local autonomy in Britain. There are elements of convergence and divergence between the two systems.

To some extent the localism of the American system can be related to a distrust of central government and an ideological predisposition towards a limited view of obligation towards the poor and sick, combined with an idealised version of 'community'. Thus Morris (1987, p.97) argues that 'these limited views of obligation conform well to an American history of an open frontier, a belief that anyone can make their way if they try; a society where, until this century, most people lived within coherent communities of association'. Leaving aside the apparent idealism of this statement, it does suggest the importance of local, community initiative. This is a 'cultural force of great latent and often unconscious power in American civic attitudes', and Reagan has harked back to such attitudes in the 'New Federalist' policies.

Essentially, the 'new Federalism' calls for a decentralisation of responsibilities from central to State and local governments. Reagan has rarely favoured national over subnational governments in the social policy arena, and the primary aim of the new federalism has been to reduce the power,

influence and morale of bureaucracies, rather than improve intergovernmental management and effectiveness (Conlan, 1988). Two key elements of Reagan's programme were therefore to cap the Federal government's contribution to Medicaid (a 5 per cent limit on growth in Medicaid support to the States was proposed in 1982), thus, shifting some of the costs of insurance to the States; and the selective enhancement of State discretion. This latter has been achieved by the 'block grant' mechanism, replacing what were (previously) formally separate programmes with a centralised allocation for States to spend as they wished; only some programmes (e.g. primary health care) were spared. Thompson (1987) implies that these developments are beginning to call into question the ability of States to develop and provide their own health care services, suggesting some limitations to the strategy of localism. It could also force States into a competitive, downward spiral in which they are competing to attract economic activity via offering attractive tax packages which, in Davis's apocalyptic phrase, could lead to 'Bantustan-like conditions of social reproduction' in the 'sunbelt' (low tax) States of the American south (1984).

A further consequence of the fragmented polity of the United States and the role of individual states in health care delivery is that the policy formulation process is considerably more open to a variety of interest groups than is the case in Britain, and there is considerable diversity in the character of State intervention between individual States (and even within them, with some local government organisations, such as New York City, through its Health and Hospitals Corporation, being major providers of health care). This finds expression in two ways: variations between States in the extent of regulation, with States in the north and east being generally seen as regulatory while those in the south favour competition; and variations in the extent of coverage for the poor. For instance, some States virtually exclude the poor from participation in Medicaid by setting income thresholds, above which individuals do not qualify for the programme, at very low levels (Cohodes, 1986).

Whereas in Britain business protests about taxation are somewhat unusual, except through representative organisations such as the CBI, in the United States much more taxation is organised locally and there is much more evidence of visible pressure from business groups on issues like cost containment. Nationally this has been coordinated through organisations such as the Washington Business Group on Health, which has been operating for a number of years to lobby for efforts to contain health costs; as these are mainly paid for by employers they have come to account for substantial proportions of business costs. More locally, business organisations do exert substantial pressure on individual States, but one problem that can then arise is the need to confront provider groups such as hospital and health insurance organisations. Bergthold (1984; 1988) shows how coalitions of business and State interests have formed to promote cost-saving measures, against stiff opposition from provider organisations. For instance, in Massachusetts, both the public and private sectors were facing rapid rises in health care costs, but resistance by provider monopolies was frustrating attempts to contain these costs. The State took a proactive stance 'to precipitate the political participation of business' (Bergthold, 1988, p.429) by involving business interests in the informal discussions of its Rate Setting Commission (a body charged with determining rates of reimbursement for hospitals). The Commission excluded physicians from the policy process, and business 'became a dominant change agent'; the State allowed business interests to direct and even make policy, and the State legislative process 'ratified decisions made by business and its private coalition' (p.448). This was termed a form of 'mesocorporatism', referring to four elements: significant state presence in the policy process; a two-way

implementation process, whereby battle over policy and its implementation devolves to powerful interest organisations; these groups create and organise their own constituencies; and the results of bargaining among 'peak associations' become informally binding.

There is much greater local variation in the American service than in Britain, where local political influence has been relatively limited. There have been numerous reorganisations in attempts to combine ministerial accountability with local autonomy, but no stable solution has emerged. The emphasis in recent years has superficially been on devolution of decision-making and responsibility, but associated with this has been a centralisation of authority. Government policy statements have stressed the need for decisions to be taken as close as possible to those delivering patient care. Administrative reforms have abolished tiers of administration and sought, as far as possible, to streamline the decision-making process. However, there is ample evidence to support Gamble's claim (1988, p.231) that the 'Thatcher government's own diagnosis of the crisis of state authority constantly impelled it towards intervention'. This evidence includes ministerial interference in decisions about privatisation of services, hospital closures and staff reductions (Mohan, 1989). Central control of the 'performance' of local health authorities is now much more rigorously enforced, via annual reviews of RHAs, DHAs, units and individual managers.

Local political influence over the NHS, never very strong anyway, is being steadily reduced. Even the few local authority and trade union representatives on District Health Authorities (DHAs) will now be replaced, under the White Paper, by people nominated, for the skills they can bring as individuals to management. This is partly an attack on special interests, and it is partly done to facilitate the managerial agenda for the NHS. It remains to be seen whether local 'business elites' will gain the upper hand in policy-making and what effect this will have on the character of service delivery.

In addition, the emphasis is heavily on the necessity for managers to 'deliver' within the constraints of their existing budgets; if they do not, this is generally attributed by government to failures of management. Paradoxically, despite reducing direct local influence on DHAs, their scope for local initiative has been expanded. They have been permitted to engage in income generation schemes, encouraged to collaborate with the private health sector (Griffith et al., 1987), and generally exhorted to mobilise any relevant local resources rather than limit their role to that of a provider. The vision seems to be one in which the state, in the form of DHA comes to play an 'entrepreneurial, coordinative role' (Davies, 1987). The White Paper confirms this trend for it not only envisages an internal market operating within the NHS, so that health authorities will buy patient care from hospitals irrespective of ownership, it also allows for the creation of quasi-independent NHS Hospital Trusts, accountable only to the Secretary of State for Health; in principle the rationale for this is to build on and strengthen the links between hospitals and their local communities. In practice such institutions will operate as commercial organisations in all but name, and any coordinated planning with the remaining NHS hospitals and other statutory services will hardly be facilitated. The role of the state implied, far from being a quasi-monopoly provider, is a more limited, though entrepreneurial one; it seems likely to lead in the direction of greater diversity, but also greater inequality.

The end of organised capitalism and the end of collectivism?

Considerable attention has recently been given in social theory to the major social and political transformations associated with the transition from 'organised' to 'disorganised' capitalism (Lash and Urry, 1987). This raises the question of what effect such transformations might have on the provision of welfare services and on the involvement of the state in those services. For as de Swaan (1988) concludes, 'there is no historical necessity for the collectivising process to proceed at a global level'. Put another way, the welfare states which expanded, on the back of unprecedented economic growth, in much of the Western capitalist world in the post-war years, are far from being an 'irreversible' phenomenon (Therborn and Roebroek, 1986). Arguably large-scale state intervention in health care is a relatively recent phenomenon, confined largely to West European states in the post-war period; in the United States it is even more recent, far from comprehensive, and much more subject to reactionary forces than European welfare systems.

The post-war expansion of welfare states was built on a fragile and favourable political and economic conjuncture, which no longer obtains, and the problem for capitalist states since the oil shocks has been how to break with at least some of the commitments taken on in that period. Both the Thatcher and Reagan regimes have attempted that break, and their policies suggest further changes in the character of state intervention in health care delivery. Far from being an 'inactive' state, as these governments and their ideologues might have wished in their wilder flights of fancy, the evidence here suggests that the state will continue to be very active but in several different ways.

First, it suggests a reduction in the state's role as a provider of health services. Even if this is largely a British anomaly, there is no question that it is going to be reduced. The NHS White Paper sees the state, via local health authorities, mainly as a provider of funds for health care seeking the best deal for patients in a competitive market. Within this new role for the state is a heightened managerial and entrepreneurial capacity, in the Thatcher government's vision, and this novelty in the character of state intervention is a key feature of the policies of her governments. The Reagan administration has sought to reduce the Federal role as a financer but this has simply thrown more of the burden of services for the poor and elderly onto the States. In an increasingly competitive environment this has led States to take what has been termed a more 'proactive' stance on issues such as cost-containment.

Second, the state's regulatory role may have to increase in the interests of maintaining standards. As Britain has moved towards a mixed economy of welfare, the necessity for greater regulation of a growing range of providers will become apparent, raising the question of quality control. It is not clear how the revised, business-oriented membership of DHAs will respond to this challenge given their primary remit of cost control. In the United States the commercialisation of health care is squeezing services for the poor and this has led some States to intervene to regulate costs in order to sustain the resources needed to provide for those with limited or no insurance. The State has always been involved in regulation, but this role seems certain to expand.

Third, the trend is towards greater localism, autonomy and decentralisation, with an emphasis on local efforts to supply services, and on perhaps nebulous notions of 'community'. This would seem to support Lash and Urry's contention (1987, p.231) that as capitalism moves from an

organised to a disorganised phase, it will replace centralised, bureaucratic modes of service delivery with localised, variegated modes of provision; a 'mixed economy' of welfare. One obvious point is that generalisations like this run the risk of falling into the same trap as the proponents of the developmentalist theories reviewed earlier. Lash and Urry's point may have descriptive validity, but it does not automatically follow that changing patterns of health service organisation can be read off from the development of 'disorganised capitalism'. If health care delivery systems such as Britain's move towards greater commercialisation and decentralisation, with an expansion of the charitable, voluntary and private sectors, this will be because of specific conjunctions of political forces. The point of the comparative section of this chapter has been to show that, especially in Britain but also the United States, the state has actively steered the health care system in new directions, even in the face of considerable opposition.

However, there may be limits to such strategies in two senses: the widening cracks that are evident in the quantity and quality of service provision, and the broader impact of untrammelled economic growth on the environment and on health. Evidence for the former point includes: rapidly-increasing NHS waiting lists; the fiasco of community care in Britain and deinstitutionalisation in the United States; the 'limits of deregulation' in the United States (Kinzer, 1988). Evidence for the latter includes the re-emergence of the health patterns of 'peripheral nations' in American cities (Bodenheimer, 1989; Hiatt, 1987) and of old public health hazards (notably pollution, water quality and food hygiene). The latter point highlights once again that state policies in one area impact on others, and points towards the need to coordinate a range of policies that all affect health - precisely the opposite direction to that in which state policies in Britain and the United States are leading.

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Guide to further reading

The best single introduction to health policy issues in Britain is C. *Ham's Health polity in Britain* (London: Macmillan 1985 2nd edition); R. Klein's *The politics of the National Health Service* is a comprehensive treatment of political debates about the NHS since its inception. Navarro (1978) provides a provocative discussion of similar issues to Klein from a Marxist viewpoint. He has also published a collection of his essays on health care in capitalist states (1986). A collection currently in press will provide a useful set of essays on the British health care scene: M. Bury, M. Calnan and J. Gabe (eds), *The sociology of, the health service* (London: Routledge).

On the American health care system, see J. Hiatt, (1987) and J. Califano, (1986) *America's health care revolution*, for two recent if general treatments, as well as T.R. Marmor and J. Morone (1983), *Political analysis and American medical care*. However, the best sources of material on the American system are in journals such as *Health Affairs*, the *Milbank Memorial Fund Quarterly*, the *International -Journal of Health Services*, the *New England Journal of Medicine*, and the *Journal of Health Policy, Politics, and Law*.

Comparative analyses of the health systems of Britain and the United States are few and far between: D. Fox (1986) analyses health planning initiatives to the mid-1960s; and V. Rodwin's (1984) *The health planning predicament* (Berkeley: University of California Press), a comparative study of four nations

including Britain and the United States, is another exception. Other comparative studies of health care and welfare systems across various states include: R. Mishra (1987), *The welfare state in capitalist society* (Brighton: Wheatsheaf); S. Ringen (1987); and A. De Swaan (1988). J. Scarpaci (ed.) (1989) *Privatisation of health services in industrial societies* (New Brunswick: Rutgers University Press) is a cross-national study of privatisation in various states.

Case Study 2: Paying for a university education: HECS and not fees

M. Edwards

HECS
CHRONOLOGY OF EVENTS 1985 TO AUGUST 1988

1985	Walsh proposes tertiary fees.
1986	HEAC introduced.
1987	
July	Dawkins appointed Minister for Employment, Education and Training.
September	Dawkins issues paper, *The Challenge for Higher Education in Australia.*
November	Membership and terms of reference of Wran Committee announced.
December	Dawkins issued Green Paper, *Higher Education: A Policy Discussion Paper.*
1988	
May	Release of Report of Committee on Higher Education (Wran Report) and *The Wran Report: Commentary on Public Responses*.
June	Tertiary charges debated at ALP Conference.
July	Release of White Paper, *Higher Education; A Policy Statement*.
August	Dawkins issues Budget statement *A New Commitment to Higher Education in Australia* in federal Budget context.

The introduction of the Higher Education Contribution Scheme (HECS) in 1989 is one of the most successful policy formulations in Australia because it is both radical and enduring. In 1988, when the policy was developed, it was a radical change for the governing party that sponsored it (the ALP) because it seemed to repudiate a deep commitment of that party to free university education and was at first strongly opposed not only by students but also by other important constituencies of the ALP The enduring character of HECS seems to have been confirmed recently (October 1999) when the present (Coalition) government hastily dropped an alleged proposal by the Minister for Education, Training and Youth Affairs, Dr Kemp, to abolish HECS and replace it by deregulated fees and an effective voucher system (Minister for Education and Youth Affairs, Media Release, Higher Education Funding, K10610, 18 October 1999).

By 1999 HECS had become an established feature of the higher education system in Australia, at least in the eyes of students, and the government recognised that changes to HECS could pose serious electoral hazards. The episode also demonstrated, indirectly, how radical changes to policies can fairly quickly become accepted as the normal state of affairs. When HECS was first introduced only ten years before, in 1989, it was viewed as a radical change from the previous system of university funding, and many saw it as a threat to the higher education aspirations of many students. It had some features that were new and untested in Australia and elsewhere.

The HECS that is currently operating is similar in principle, though different in some important details, to the scheme that was introduced ten years earlier. In essence, the HECS system gives students access to an interest-free loan to cover the fees they are charged at higher education institutions, with repayments contingent on their income being above a threshold level. Annual repayments of the loans, indexed to inflation, are directly deducted by the Australian Tax Office. The deferred payment scheme is supplemented by an option for students to pay the contribution upfront at a discounted rate.

Since HECS was first introduced, the scheme has become much less generous from the students' perspective: annual student fees have been substantially increased (from a standard fee of $1800 in 1989 to fees in the range $3409-5682, dependent mainly on the costs of courses); rates of repayment have been at least doubled (from 1 per cent of income in 1989 to 3 per cent in 1999 for those in lower income brackets, and from 3 per cent of income in 1989 to 6 per cent in 1999 for those in higher income brackets); and the thresholds at which repayments of loans begin have been reduced.

HISTORY AND CONTEXT

In 1974 ALP Prime Minister Gough Whitlam abolished fees for higher education in Australia. Free education was a core element of the Labor platform. Fees paid at the time of tuition ('upfront' fees) were considered inequitable and a barrier to access by poorer members of society. Thus their abolition was an ideological policy decision of the new ALP Government and remains one of the most remembered actions of that government.

It was not long before the issue of fees returned to the political agenda, as student numbers increased, funds for universities became scarcer, and reintroduction of some fees began to seem inevitable. Soon after the Fraser Government came to power in 1975, there was discussion within the Coalition parties about reintroducing fees, but it was not until 1981 that a significant step in this direction was taken with the introduction of fees for second and higher-degree students. This was despite a commitment given by the Fraser Government during the 1980 federal election campaign that it would not reintroduce fees (Hansard, HR, 21 October 1981: 2323).

In 1985, under the Hawke Labor Government, the Minister for Finance, Peter Walsh, proposed reintroducing some form of charge on tertiary students. He strongly advocated the introduction of an income-tested, fee-based system, believing that this was the most effective way of raising revenue from within the sector from those most able to pay. Such a scheme was, however, politically infeasible within the ALP, and Walsh found little support.

As an alternative, the Higher Education Administrative Charge (HEAC) was introduced in 1986. The HEAC was an annual fee paid by all tertiary students and set initially at a rate of $250 per annum to cover the university's per student administration costs.

> The 'administrative charge' was a substitute for tertiary fees, but was approximately equal to the administration-as distinct from tuition, capital and maintenance-cost in universities. Two years later

> it was replaced by the Higher Education Contribution Scheme (HECS). Both schemes are inferior, fiscally and administratively, to the income tested fee proposed in 1985. (Walsh 1995: 152)

There was a policy weakness in HEAC: it could not raise sufficient revenue to fund any significant expansion of the higher education sector. Institutions retained only 10 per cent of revenue raised, and growth in income from this source was tied to student numbers (Dawkins 1987b: 84). As well, there was opposition to HEAC on equity grounds, making it unpopular within the ALP and among the community. The equity impact of HEAC was demonstrated after its first year of operation when enrolment figures for 1987 showed a fall in the numbers of female and part-time students entering university (Power and Robertson 1987).

The External Environment

HECS was a product of the 1980s, during which growing student numbers, a government concerned about ensuring access to education by disadvantaged groups, and increasing constraints on government spending forced universities and government to look for new ways of providing higher education. HECS was also a product of a political party – the ALP – that had a special commitment to higher education and was in government for most of the 1980s. And it was a product of a period in which new approaches to public management were emerging, approaches that placed high emphasis on 'performance' and 'efficiency' in the provision of public services (even though HECS, as it turned out, was more about equity than efficiency). There were comparisons of the performance of Australian universities with those in other countries, and heightened interest in how universities might contribute to improving Australia's economic Performance and international competitiveness. These points are elaborated below.

The growth in student numbers from the mid-1970s was dramatic. The total number of students enrolled in higher education increased by about 42 per cent. Despite this, it was estimated that in 1987 up to 20 000 qualified applicants were unable to obtain places in higher education. It was evident, furthermore, that future growth in numbers of university students would also have to be substantial if, to meet government objectives, a higher proportion of school students were to have the opportunity of continuing their education at tertiary level, and more graduates were to be produced.

Second, there was an increasing shortage of federal funding for higher education. Reflecting the desire of the government to be a 'low-tax country', and hence wanting a tighter budgetary situation, the funds provided by the Commonwealth Government each year for higher education during this period had remained around $2.5 billion. As GDP had been growing, spending on higher education represented a declining proportion of GDP, from 1.4 per cent in 1975 to 1 per cent in 1987; and as student numbers had been sharply increasing over the period, funds per student had dropped by 23 per cent.

Projections made in 1987 of desirable student numbers up to 2001 pointed to funding requirements in 2001 that were from 30 to 40 per cent above expenditure planned in the 1987/88 Budget. This shortfall made no allowance for a 'heavy backlog of capital and equipment' or for 'any additional funds required to achieve improvements in the quality of education' (Dawkins

1987: 79, 124, 126). In short, in 1987 the combination of growing student numbers and severe shortages of funds pointed to an impending crisis in higher education.

Third, was the commitment of the ALP to improving access to higher, education. This was partly reflected in targets for a rising student population, mentioned above, and partly in the ALP's 1986 platform as an important equity measure. Like its predecessors over many years, this platform included a commitment to 'maintain the provision of free tertiary education,' which had begun with the Whitlam Government's abolition of university fees in 1974. This commitment meant there were serious ideological barriers to introducing student fees.

Fourth, was the emerging managerialist approach in public administration, which in the field of higher education prompted consideration of the goals and performance of universities, in terms of 'outcomes' and 'outputs', and the 'efficiency' with which these were achieved. One effect of this was to encourage comparisons of the performance of Australian universities with those in other countries, and to give prominence to findings of an OECD study that rated Australia fairly poorly in its output of graduates per head of population (e.g. see CTEC 1987).

A related effect was to encourage consideration of how universities could contribute to improving Australia's economic performance and international competitiveness by enhancing skill levels in the population and also by 'exporting' higher education to other countries, through programs for overseas students.

Thus many factors were at work that placed importance on increasing the number of graduates in the population. In particular, the managerialist approach encouraged consideration of different ways of funding higher education, such as through user-pays arrangements rather than taxes. It encouraged reflection on the results of research showing that the introduction of free university education in 1974 had failed to produce the revolution in access to higher education that had been expected (Anderson and Uervoorn 1983: 171).

Enter Dawkins

The immediate context for the development of what became HECS was the federal election of July 1987, following which John Dawkins was appointed Minister for Employment, Education and Training. One of his colleagues has described Dawkins as 'a man whose zeal and ambition for change were yoked to an abrasive and pugnacious approach that added to the turbulence that swirled around him. A moody, self-contained figure, contemptuous of both the foolish and the spineless, he was little loved in the caucus or even in his own centre-left faction, surviving on his talents alone' (Blewett 1999: 16).

Dawkins had been shadow minister for education between November 1980 and January 1983. After the ALP came to power in March 1983, he was appointed Minister for Finance (March 1983 to December 1984) and after that Minister for Trade (December 1984 to July 1987). Thus when he gained responsibility for education policy in July 1987, he brought to the task not only a reforming zeal and knowledge of education issues from his days as shadow minister, but also a familiarity with budgetary issues and a commitment to managerial approaches in public administration from his period as Minister for Finance, as well as a perspective on the potential contribution of higher

education to international competitiveness from his period as Minister for Trade. It might be noted that the ministry to which Dawkins was appointed – Employment, Education and Training – brought the functions of employment and education under one portfolio for the first time in the history of Australian federal government, to emphasise the links the government wanted to make between education and national economic objectives.

> *'Dawkins saw higher education as an export commodity, tied to the question of trade. He believed higher education needed to be more robust if it was to stand up to international competition. Plus he believed it had to become a more utilitarian sector, linked more directly to the needs of industry.' (Mike Gallagher)*

STRUCTURES AND PLAYERS

> One of the problems for economists who are directly involved in policymaking is that the standard textbooks tell us close to nothing about process. However, successfully managing issues of process is critical to polity change. Indeed, no matter how correct are the ideas, how well researched are the likely impacts, and how on-side are the major direct political players, without the endorsement and support of the bureaucracy significant advances are unlikely. (Chapman 1996a: 12)

Of utmost importance to the acceptance and success of HECS was the organisational process that occurred during the policy's formulation. This process made possible the radical policy shift that HECS represented as well as facilitating its later acceptance within the ALP and the broader community.

The organisational process involved several key steps. First, a task-force of officials was established to review all aspects of higher education in Australia and to draft the Green Paper on higher education (Dawkins 1987b). Second, the Wran Committee was convened specifically to investigate higher education funding. This was followed, after the ALP Conference in June, by a White Paper, Higher Education: A Policy Statement (Dawkins 1988a), published in July 1988 before Dawkins issued his paper A New Commitment to Higher Education in Australia' as a budget statement, including the announcement of HECS a month later (1988b).

Closely associated with decisions Dawkins made on organisational processes and important to HECS's eventual success was the selection of key individuals for their particular backgrounds and skills to work either on the taskforce or as members of the Wran Committee or its secretariat. What follows elaborates on the Green Paper and Wran Committee processes.

The Green Paper Taskforce

Shortly before the formation of this task-force, the government merged two federal departments to create the Department of Employment, Education and Training (DEFT). This merger was significant. It highlighted the new philosophy Dawkins sought for higher education in Australia, one that linked higher education directly to employment, making it more responsive and reactive to the needs of the labour market. It also caused considerable disruption and turmoil in the affected parts of the federal public service.

Dawkins drew the taskforce's staff from this new Commonwealth department. But he deliberately employed those who came from its employment and training, rather than education, divisions. In this way he selected staff who appreciated the needs of the labour market and whose thinking was unlikely to be restricted by existing policy practices, most notably those associated with the Commonwealth Tertiary Education Commission. He chose people who he believed were capable of formulating and implementing radical change in Australian higher education.

In what was soon to prove a most beneficial move, an ANU economist, Bruce Chapman, was appointed as a full-time consultant to Dawkins' department to assist with the Green Paper but went on to play a crucial role within the taskforce assisting the Wran Committee.

The Wran Committee and its secretariat

The Green Paper announced that the government would establish a committee to examine 'possible options in this area', and provide recommendations by February-March 1988. The paper ended with what became, without amendment, the terms of reference for the second and major analytical report, by the Wran Committee, on funding issues. The committee's terms of reference were devised by Bruce Chapman and David Phillips.

The Wran Committee terms of reference

The government is committed to expanding the capacity and effectiveness of the higher education sector and to improving access to higher education for groups that are currently underrepresented. This goal has significant funding implications, as outlined in the Policy Discussion Paper on higher education. Given current and likely future budgetary circumstances, the government believes that it is necessary to consider sources of funding involving the direct beneficiaries of higher education.

The committee should develop options and make recommendations for possible schemes of funding which could involve contributions from higher education students, graduates, their parents and employers. In developing options, the committee should have regard to the social and educational consequences of the schemes under examination. (Dawkins 1987b: 87)

Recognising that radical changes to the system of student fees would be controversial within the community as well as in his own party, Dawkins appointed members to the committee who were strategically chosen because of their high standing professionally and among those who would have to be persuaded; and because he believed these people were capable of generating innovative policy. The chair was Neville Wran, a former premier of NSW and a highly respected political figure within and beyond the ALP, whose status and authority would later be of great importance in gaining support for the committee's recommendations, especially from the NSW Labor Right.

A second member of the committee was Meredith Edwards, a senior public servant then in the Department of Social Security, who had strong academic qualifications and experience with student issues from her involvement in the development of AUSTUDY. She also had experience in the development of policies on child support, which was significant in negotiating the assistance

of the Taxation Office in collecting payments from individuals for the later administration of HECS.

The third member was Bob Gregory, a highly regarded economist from the ANU, who had extensive experience in providing policy advice to governments and in research relevant to the work of the committee.

The secretary of the committee was Mike Gallagher, also a senior public servant, then in charge of the Office of Local Government in the Department of Immigration, Local Government and Ethnic Affairs, who had considerable experience in education policy and university politics. He was known to Dawkins, who trusted him to provide a professional service to the Wran Committee outside the established bureaucracy.

> *'Dawkins was very calculating in who he had working on the committee. He needed above all political consensus within the ALP at the end-especially because HECS was such a radical shift from the ALP Platform.' (Mike Gallagher)*

The secretariat that produced the Wran paper, as with the Green Paper, was picked from Dawkins' department, but mostly from areas outside higher education. Significantly, many of its members had also been part of the Green Paper Taskforce. This helped the committee to progress quickly from the position reached by the taskforce, politically as well as analytically. That is, views presented in the taskforce report could be expected to pervade material prepared for the committee, and analysis undertaken for the taskforce could be readily used by and further developed for the committee.

> *A deliberate decision was taken to draw people onto the secretariat of the Wran Committee from across other areas of the newly formed Department of Employment, Education and Training. There was a view that the Higher Education Division of the former Commonwealth Department of Education might be too linked to the current approach.' (Chris Robinson)*

Dawkins kept in close touch with the work of the Wran Committee through David Phillips, a member of his staff who had worked with Edwards on youth allowance reform (Chapter 2). He attended all meetings of the committee as observer and as 'the Minister's eyes and ears'; he kept in contact also with members of the committee's secretariat. Further in the background was Paul Hickey, then head of the Higher Education Division in DEET, to whom Alison Weeks, the secretariat's director, reported regularly and who, apparently, 'read every draft' (Weeks, interview).

Dawkins had Treasurer Paul Keating on side. Keating approached Trevor Boucher, head of the ATO at the time, and said: 'I am not sure what scheme Dawkins is developing but he is one of the few with new ideas, so support him if you can' (Boucher, interview).

Alongside the above, Dawkins used the education subcommittee of Caucus most strategically and kept it informed of relevant materials; when it was divided on the issues, he made sure the subcommittee did not put those issues to the vote, since that could have counted against the cause at the forthcoming ALP conference.

Dawkins' concern to establish an independent but sympathetic secretariat to undertake the policy analysis for changes in higher education illustrates a problem that is not uncommon in policy making generally, namely how to achieve the 'right' result without compromising the quality and integrity of the analysis. From the perspective of a reforming minister, radical change could typically be expected to encounter bureaucratic resistance, and establishment of a secretariat that understood the broader context would be one way of working around this resistance. The organisation and staffing of policy analysis activities is thus often a very important aspect of policy-making, particularly when radical changes are envisaged.

IDENTIFYING THE ISSUES

THE PLAYERS

Ministers

Dawkins, John	Minister for Employment, Education and Training
Keating, Paul	Treasurer
Walsh, Peter	Minister for Finance

Wran Committee members

Edwards, Dr Meredith	Member, Head of Social Policy Division, DSS
Gallagher, Mike	Committee Secretary, Head of Office of Local Government
Gregory, Prof. Bob	Member, Professor of Economics, ANU
Wran, Neville	Committee Chair, ex-Premier of New South Wales

Secretariat

The Secretariat consisted of a small group of people drawn from DEFT with Alison Weeks, Director (and previously Head of the Green Paper Taskforce). It also included Chris Robinson and Dr Bruce Chapman, departmental consultant, an economist from the ANU.

Public servants

Boucher, Trevor	Tax Commissioner, ATO
Grant, Peter	Assistant Secretary, Higher Education Division, DEFT, 1985
Hickey, Paul	Head, Higher Education Division, DEFT
Podger, Andrew	Division Head, Department of Finance
Rose, Dennis	Principal adviser, AGs Department

Other

Aitkin, Prof. Don	Chair, Australian Research Committee
Davidson, Ken	Journalist, the Age
Evans, Kiri	President of National Students' Association
Mawer, Allen	Senior adviser to Minister for Employment, Education and Training
Milne, Dr Frank	Academic, ANU
Phillips, David	Senior adviser to Minister for Employment, Education and Training
Stretton, Prof. Hugh	University of Adelaide

By July 1987, when Dawkins was given ministerial responsibility for higher education, the issue of charging university fees had been on the political agenda intermittently for over ten years, and therefore the particular issues that were starting to emerge were not so much whether but when fees should be introduced and what form they should take. It had become evident to Dawkins by then that a fundamental review of higher education and its funding was essential, and at the policy stage of 'identifying the issues' this meant identifying those features of the environment that were seen to be driving change, and the broad questions that should be addressed.

Putting The Problem On The Agenda

Dawkins released a brief paper in September 1987 titled *The Challenge for Higher Education in Australia.* This paper signalled the government's intention to develop 'a new set of arrangements for Commonwealth support of higher education from the beginning of 1989' (Dawkins 1987a: 3). It attempted to set the scene for a public debate on the future of higher education in Australia, and announced the establishment of a taskforce of officials from Dawkins' department to 'confront the range of concerns the Government holds about the current performance of our higher education system' (p. 10).

The first part of the paper provided an overview of the higher education system, giving the government's assessment of the environment and key issues for policy-making. It referred to the 'demographic bulge in the youth age group', which had created an 'unprecedented demand for higher education places' (p. 6), and noted that in the current budgetary and economic circumstances it was 'simply not feasible to achieve quantum leaps in participation in higher education by providing quantum leaps in public expenditure' (p. 7). It stated that Australia lagged behind its international competitors 'on a range of significant measures of education and training performance, including ... the level of youth participation in higher education, and the proportion of the workforce holding post-school qualifications' (p. 5). In words that have gained significance with hindsight, the paper stated that it would be necessary for 'the [university] institutions themselves, State Governments, the private sector, staff and students' to address such problems, together with the government.

The paper included a qualified invitation to universities to examine alternatives to government funding, described somewhat elliptically as a 'means of enabling institutions to increase revenue from private sources and hence their ability to deliver services, bearing in mind the Australian Labor Party's policy of opposition to tuition fees' (p. 12).

Dawkins' paper thus set a broad framework and tone for the sweeping review of higher education that he envisaged. He believed that a significant expansion in higher education was a fundamental precondition for Australia's economic success, but he also thought it unfair to expect taxpayers to fund all of the growth in places that were needed. Unlike Walsh's earlier aborted attempt at reintroducing fees, Dawkins had identified the problem differently and set an all-encompassing context without actually canvassing the reintroduction of fees. The taskforce of carefully selected officials produced a document for Dawkins which heralded that review and was published as the Green Paper *Higher Education: A Policy Discussion Paper* in December 1987 (Dawkins 19876).

The Role Of The Green Paper

Although the Green Paper was described as a 'discussion paper', it was clear that Dawkins was looking to it to provide a basis for the radical changes he saw as necessary in the higher education system. Thus in his foreword he noted that 'The issues [the paper] raises, and the policy responses to which it leads, will have a vital influence on the directions of higher education development in Australia through to the turn of the century' (Dawkins 19876: iv).

The general style of the paper was strongly polemical, with more statements of government intentions than explorations of options. The Green Paper was essentially an elaboration of the increasingly difficult environment confronting higher education, leading to the broad conclusion that radical change was inevitable. The first Part, 'Assessing the challenge', addressed the issues outlined on pp. 99-101 above, and it concluded with an affirmation of the government's intention to improve access to higher education. The second part, 'A unified national system', addressed structural and management issues in higher education, and foreshadowed further major institutional changes. The third part, 'Funding the system', elaborated on the increasing funding constraints for higher education and the emerging 'funding gap' (Dawkins 19876: 81).

The paper proposed 'far-reaching reforms in organisation and practice of higher education' (Dawkins 19876: 1). The key changes included:

- the creation of a unified national higher education system
- the rationalisation of higher education institutions around the country
- altered advisory arrangements, including the establishment of the National Board of Employment, Education and Training (NBEET), the Higher Education Council (HEC) and the Australian Research Council (ARC)
- new funding arrangements whereby universities received triennial funding via single operating grants from which institutions were free to decide spending priorities.

These reforms were to 'provide the basis for a long-term expansion of the higher education system and greater access to the system and its benefits' (Dawkins 19886: 2).

In the restrained and bland way that official reports can hint of major changes and provide a lead-in to the next stage of policy analysis, the discussion paper concluded with some comments on 'other funding options'. After noting that there was 'considerable scope for institutions to raise additional revenue from non-Commonwealth sources', it stated: 'One additional source of funds that may need to be considered is a contribution from individual students, former students and/or their parents'. It alluded briefly to what was seen as, and would become in later public debate, a major argument for reintroducing student fees, namely 'that graduates of higher education experience, on average, highly favourable labour market outcomes compared with those without tertiary qualifications'. Strategically omitting funding policy options for discussion, it commented that the issues 'are much more complex than this, given that private contribution schemes would have implications for, among other things, equity, access and the overall level and composition of the student body'. It went on:

> In the present and likely future budgetary climate, constraints on funding to the higher education sector are expected to continue. It is difficult for the Commonwealth alone to provide for significant expansion in higher education enrolments, despite the benefits-economic and otherwise-that will result. Additional sources of funding will need to be investigated, having regard to both the public and private benefits that higher education confers. (Dawkins 19876: 75)

The Green Paper was originally going to include a chapter devoted to options for financing higher education. Dawkins had commissioned his consultant Bruce Chapman to write that chapter. The drafted chapter identified the nature of the problem but also included options for financing, such as upfront fees with scholarships (at the time apparently favoured by Dawkins) as well as a proposal preferred by Chapman and others in Dawkins' office (especially Allen Mawer) and similar to HECS. Once Dawkins read this material, it was clear to him that the complexities and sensitivities of financing issues, especially fees, meant that these issues had to be handled separately rather than addressed in the Green Paper.

> *'When the ERC was looking for savings and revenue in 1985, Dawkins' office was casting about for ideas that would be less politically damaging in policy and party terms than some of the things, like HEAL that were in contemplation. In the event we came up empty and the students got HEAC, but in December 1995 you sent me a copy of the child support paper you, Harper and Harrison had prepared for the Law and Society Conference. I was taken with the creative use of the tax system to recover state outlays . . .*
>
> *'What Dawkins was really looking for was a painless way to introduce fees. You will recall that when he knew the answer and only expected you to find a way of getting him to it, the trick was to find an opportunity to intrude a lateral thought. That occurred when he was talking in his office one day to Don Aitkin, mainly about the ARC, but also about higher education. I was the mandatory staffer present. Dawkins was again musing about where the money could come from so I suggested, in about the 30 seconds I reckoned I could hold his attention, that*
>
> - *students could repay after graduation through the tax system*
> - *the repayment regime could be tailored to the aggregate contribution required by government-at its most extreme, if all graduates paid, whether they benefitted or not, for the whole of their working lives, in theory the higher education system could eventually be made to support itself*
> - *the main argument of the 'no fees' element in the party restriction of access-would fall to the ground.*
>
> *'Put as baldly as this, and I confess that my own thinking had not gone much further, it was a graduate tax, not an income contingent loan repayment scheme for all students, but the approach registered with Dawkins.' (Allen Mower, letter to author, 7 February 2000)*

The obvious place to begin to seek the needed revenue was students-the most readily identifiable beneficiaries of the sector. Two main arguments were used by Dawkins to justify charging students directly: that students received private benefits from higher education; and that higher education post Whitlam was not 'free', but rather a form of 'middle-class welfare'.

Private And Public Benefits Of Higher Education

Much evidence was available that suggested that students receive personal benefits from participation in tertiary education. Income and employment rates provide the most obvious indicators of this private benefit: 'Lifetime incomes are typically much higher, unemployment rates are lower and the expected duration of unemployment is relatively short for those with university degrees' (Chapman 1998: 121).

While these statistics imply a private benefit to the individual from participation in higher education, this is not the only form of benefit identifiable. There is also considerable public benefit from having an educated community. The positive spillover effects include:

- political and social benefits from better informed public debate and voting behaviour
- community benefits from research and technological developments
- the transferral of skills to those who have not received a tertiary education
- economic benefits to the broader community, including greater growth potential, higher wages and, consequently, tax revenue, increased attractiveness to investment and a more adaptable workforce (Chapman 1997: 8).

Taken together, these numerous public benefits suggest that there is considerable social value in having an educated group in the community; they also provide a strong justification for some level of government funding of higher education to ensure that these public benefits are maximised. While the existence of private benefits implies that individuals should pay something towards the cost of their tertiary education, the existence of public benefits implies that the amount paid by students should be only a proportion of that cost.

'Free' Higher Education Is 'Middle-Class Welfare'

The second and powerful argument used to justify charging students was that 'free' higher education was in reality 'middle-class welfare', to which all taxpayers contributed but from which the better-off mostly benefited; since 1974, students had not paid to attend university, making higher education free of charge. However, the higher education sector ran at considerable cost. This cost was met almost entirely by the Federal Government from its general tax revenue, which was obtained from all taxpayers, despite the majority of Australian taxpayers having never participated in or benefited personally from the universities they were funding.

Not only had they not benefited personally, but the majority of Australian taxpayers were, on average, less well off than those they were supporting through the provision of 'free' tertiary education. As mentioned previously, the demographic breakdown of the student population revealed that most students came from relatively well-off socio-economic backgrounds. Further, students, on average, became relatively better-off following their education. This argument was crucial in selling the need for change.

Focusing on the inequity of the current funding arrangements opened the way for considering the reintroduction of fees because it highlighted flaws in the original argument used to justify their

abolition. This articulation of the policy problem claimed that higher education, while free to students, was at significant cost to taxpayers. The argument naturally led on to the question of how this cost could be met. That was to be the issue of concern. Highlighting the inequity and regressivity of 'free' higher education in this way proved later to be vitally important in selling the problem and in convincing the ALP, the tertiary sector and others of the merits of HECS.

In 1987, therefore, the policy issue was clearly identified: increased revenue was required to expand Australia's higher education sector in order to meet greater demand for university places, especially at a time of straitened government funds. Further, this revenue had to be raised from those groups who benefited directly from the higher education sector, most notably students because they were the most easily identifiable beneficiaries. The revenue had to be raised in such a way that it did not deter access. The problem posed to the Wran Committee was therefore a well-structured policy problem, articulated in economic efficiency terms but with a heavy emphasis on equity benefits.

POLICY ANALYSIS

The nature of the policy analysis undertaken on higher education funding was broadly shaped by the vision Dawkins had for radical change in the system, and his perceptions of the resistance that might be encountered to such change. While he wanted analysis of the big issues in higher education to be broadly supportive of his vision, he also realised the importance of having rigorous arguments for specific proposals that would stand up to scrutiny by the interest groups most likely to be critical of change.

Most of the analysis on higher education charging and the related package of measures was undertaken in the context of the secretariat that Dawkins set up to support the Wran team. All this was under taken within a year of Dawkins' appointment to the position of Minister for Employment, Education and Training in July 1987.

In late 1987 the **Wran Committee**, or **Committee on Higher Education Funding** as it was officially known, was convened with the specific purpose of developing options for deriving a contribution from those who benefit directly from participating in higher education. Furthermore, this contribution had to be equitable and efficient and improve access to higher education by under-represented groups. The *Report of the Committee on Higher Education Funding* (the Wran Report) was published in May 1988 and distributed for public comment.

Data And Research

New as it was in Australian policy formulation, the idea of levying graduates after they were in receipt of income is not a new concept. It can be traced back to the well-known economist Milton Friedman (1955). Before the period of this particular case study, several people had written about one or another form of a graduate levy or tax (e.g. Blandy 1979; Barr 1987; Bulbeck 1987; Manning 1986; Wells 1987). What was radical was that Dawkins picked up an academic idea and ran with it as a policy.

Dr Bruce Chapman played a pivotal role in using formal economic tools to advantage and in providing important economic data and research to the Wran Committee as well as to Dawkins. For example, he unearthed evidence to show convincingly that, for Australia, on average, higher education is associated with private economic returns, which strongly made a case for charging (Chapman 1996a: 4).

As further evidence, several studies in the mid-1980s revealed that despite the abolition of fees from 1974, the socio-economic composition of undergraduate students attending university had changed little since Whitlam's historic decision. Especially influential in affecting attitudes to reform was the work of Anderson and Uervoorn:

> The problem of crude measures was highlighted in the recent discussion over the effects of fee abolition from 1974. Analysis of the social composition of the student body before and after the change revealed no discernible difference in the social spectrum of higher education. Nevertheless this does not permit the conclusion that the removal of fees did not enable poor students to enrol who otherwise would have been deterred; if there were such students – and common sense suggests that there must have been – either they were not sufficiently numerous to show up in statistical aggregates, or their poverty was not revealed by the questions directed at parental status etc. (1983: 172)

The Green Paper Taskforce, carefully collected data, and research results such as the above were to provide evidence for the Wran Committee on the socio-economic status of students. They made much of the point that there had been little change since fees were abolished in 1974, as outlined in the Wran Report.

An important issue for the broader community was whether the introduction of charges for higher education would reduce the demand for places. It was politically important to provide evidence to convince sceptics that the financing outcome would be equitable and would not make the socio-economic composition at universities worse: the secretariat and Chapman were rigorous in gathering relevant data and research on this issue which showed that, for both sexes, the rates of return to investment in higher education remained high after the imposition of a charge:

> It is of policy interest that the facts concerning where higher education students come from in socio-economic terms, and where they end up in terms of relative earnings, were not questioned by the political opponents of the introduction of a charge. This was important to the eventual commitment of the Labor Government to the policy. (Chapman 1996a: 6)

Evidence was also scanned for the impact of the HEAC. As the Wran Report indicated, tentative evidence was that part-time and mature-age students, especially women, appeared to have been deterred; and researchers Power and Robertson (1987) had concluded similarly.

These few examples of where data and research were gathered and undertaken help to refine the problem at hand and to clarify issues. Without the rigour behind this stage in policy analysis and the reassurance, especially about equity aspects of the proposed reform, key stakeholders may well have been in a position to thwart that reform.

The Wran Committee gave much attention to overseas experience in the funding of higher education: a chapter of its report was devoted to summarising practices in several countries. Higher education institutions in many other countries were, like those in Australia, experiencing problems from increasing student numbers and decreasing government funds, and were searching for alternative ways of funding higher education. Reflecting this, the OECD had produced several studies on these issues, to which Dawkins had referred in his preface to the Green Paper. While consideration of practices in other countries can be a source of new ideas in policy analysis, international comparisons can also help to strengthen arguments for positions already reached. This was largely the case with HECS, because of novel features that went beyond overseas practices. The reporting on overseas practices was assisted by an overseas trip by Alison Weeks. She returned with an important piece of information about the high rate of default on loans where they were provided through the banking system in other countries.

Key Issues For The Wran Committee

The objectives of this committee were quite clear: they were stated in the terms of reference and had been subsequently added to by the Minister when he declared, in a public statement, that 'equity issues were paramount'.

What 'equity' actually meant became an issue for the committee. Perhaps the most important issue of all to emerge was what assumptions were to be made about financial dependence of students on their parents, or in the case of the mature-aged, on their partners. One view was that the family could be assumed to support students and so, from an equity viewpoint, it should not be of concern if higher-income families had to pay fees upfront. The key inequity from this perspective was that the well off (or middle class) could afford to pay for their children to go to university, with that this should not be a burden on lower-income taxpayers. This line of argument led to viewing fees (possibly with loans) and scholarships based on a family income test as an equitable option.

> *'I remember Neville Wran describing free education as people in [Sydney's] western suburbs paying tax so that the children of parents on the North Shore could send their children to university for free.' (Mike Gallagher)*

The other perspective was that such a regime could disadvantage students who were not able to share in family income, for whatever reason. There was some evidence that this could be more of a problem for women than for men, and particularly for women in non-metropolitan areas where, from a past era, teacher's scholarships had been so beneficial for their participation in education. According to this line of argument, any charge for tuition would need to be levied on individual income, according to capacity to pay.

A related and broader issue was the extent to which the need for revenue should be traded off against equity: if there were to be some form of charge contingent on income, then the revenue flow would be less than if upfront fees were introduced.

Certain other issues needed careful debate but moved more easily to consensus:

- the extent to which a public subsidy should be provided given no clear evidence on what proportion of total cost led to public benefit (discussed below)
- whether to index the debt only to inflation or to include a real rate of interest (resolved in favour of the former on equity grounds)
- where to set the income thresholds
- how the charge should relate to the cost of a course.

For the third meeting of the Wran Committee in January 1988, Alison Weeks provided an overview document intended to serve as a starting point for detailed analysis of these issues and consequent options. In a well-structured approach, the document listed some key issues requiring early resolution, one of those issues being what weighting the committee wanted to give the criteria by which those options would be chosen.

The Wran Committee did not move unhesitatingly to its preferred position on an income-contingent loans scheme. The differences within the committee on the relative merits of means-tested upfront fees for students and deferred, income-contingent payment of fees by graduates continued over several meetings. Dawkins too was initially doubtful about the latter approach. The issue was partially resolved, as such issues commonly are, at the culmination of a long and painstaking process of policy analysis, in the setting of an informal and convivial dinner attended by the members of the committee and the secretariat. But whether there should still be an upfront fee on students in the highest (e.g. 20 per cent) of families rather than a discount for payment upfront, continued as a dividing issue. While the Wran Committee was debating these issues, the debate was also occurring outside government, for example:

> There is solid support building in the ALP Caucus, academia and the Department of Employment, Education and Training for the imposition of a tax on the incomes of university graduates as an alternative to reintroducing tertiary education fees. (A-FR, 23 February 1988: 1)

In early March the views of academics were prominent in the press. The Australian (2 March 1988) published a page on the graduate tax debate where the views of two academics, who favoured both the Wran proposals and a graduate tax or levy, were aired in journalist's articles: Professor Murray Wells, then head of Sydney University Economics Faculty (article by William West), and Roger Eade, Footscray Institute of Technology, on the benefits of a graduate levy, based do his submission to the Wran Committee (article by Christopher Dawson). About this time there was also a leak to the press of a Department of Finance position paper on funding of higher education.

Developing Options

Frustrations of a player

7 March 1988 I rang Bob Gregory just to keep in touch to be told about a Finance submission to us (which I hadn't received) which had been leaked to the press. Gregory apparently had suggested to Finance, having seen it earlier, that it be sent to us. It wasn't even marked 'Cabinet-in-Confidence'! A lot of press this week on education funding, Which has been making me a bit nervous plus my worry that ATO would walk away from the proposal.

> ***13 March 1988*** Up at 6 a.m. Saturday to read most of first draft of Higher Education charging report. Disturbed by realisation that we cannot only recommend a levy on exit because effectively there would be no revenue for a couple of years. Rang Bruce to talk about discounting upfront compared to a compulsory levy on rich parents.
>
> I enjoyed Monday: visit to Sydney to meet with Wran and Gregory et al. Turned around the meeting yet again ... I feel every time I work very hard to do that. Mike Gallagher was very helpful.
>
> ***21 March 1988*** Wednesday-all morning taken up with DEET's higher education charging issues. I felt drained at the end of it as I felt so much was at stake as I was being pressured to accept a compulsory upfront charge on students with rich parents.
>
> ***27 March 1988*** All afternoon with Higher Education taskforce and exhausted myself arguing hard against the viewpoint of a bright but obstinate member of the secretariat on wanting upfront fees for the top 20 per cent. Angry at having my time wasted. Bruce Chapman suggested that Bob G. and Mike G. and I meet on our own to sort out a position, which we did on Thursday, and that worked well. They agreed to leave revenue-raising options open knowing I would deliver a minority statement otherwise.
>
> ***17 April 1988*** Wran Committee went well but exhausting and fought over how high the threshold level of income should be rather than how to get the quick buck. Apparently in the half-hour after I left (and before Wran left), the Committee backtracked on where I was at. But fortunately the report as I saw it this weekend has gone my way.
>
> I went home so buggered that night and Alison Weeks and Chris Robinson of the taskforce brought in take-away food and we had a superb evening.

Just as the secretariat guided the Wran Committee into a structured approach to resolving key issues, so also it did when it came to assessing options. In early February 1988, as reflected in the subsequent Wran Report, the committee considered variants of:

- conventional fees schemes (with or without exemptions)
- fees and loan schemes (with government or commercial loan arrangements)
- fees with income-contingent loan repayment schemes
- income/asset-contingent fees schemes (exempting those on lower incomes).

Each of these options was examined in terms of the following criteria:

- efficiency – impact on overall demand
- administrative simplicity and cost
- equity – impact on socio-economic composition, access, and capacity of students of different means to be able to pay the charges
- estimates of the revenue implications – short and longer term.

Twelve options resulted and were then ranked in order by each criterion. For example, in terms of greatest adverse effect on student demand, fees, even with exemptions, ranked lowest and fees with government-financed, income-contingent loan repayments ranked best; but this order was reversed when examining administrative considerations. Detailed analysis by option and criteria

led to a summary ranking table with a 'crude unweighted total' favouring the income-contingent fees with loan repayment schemes but with income/asset-contingent fees for the top 20 per cent also coming in near the top of the ranking.

The greatest disadvantage of the option that was to become HECS was the low level of revenue raised in the first five years. This concern led the committee to consider, later on, additional options to meet initial revenue shortfalls. The committee was divided on which approach to recommend and hence put two options forward in its report for government consideration:

- a discount to encourage voluntary upfront contributions; or
- compulsory 'upfront' contributions from the top 10 or 20 per cent of students on an income and assets test basis. (Committee on Higher Education Funding 1988a: 80)

The Wran Committee was keen throughout to combine its student charges regime with other measures to encourage access, since the charging system would not do that. So it considered a range of options including enhancements to AUSTUDY and hypothecating revenue gained from tuition charges for educational expenditures, including increased places.

On the basis of the above, the Wran Report contained two main parts: the first laid out the options for expanding sources of funding for higher education, and the second outlined 'an integrated reform package'. The discussion in the report included 'vouchers' but rejected them, and in fact the committee had done so very early on, for the obvious reason that a voucher scheme would be inconsistent with the key objectives of growth in number of places and with equity.

Achievement of the various equity and revenue objectives set for HECS would depend crucially on the operational details, that is, the level of the fees set for students and the terms under which those fees would later be repaid through the tax system. Thus the next main part of the Wran Report elaborated on these details. It recommended, on 'historical and overseas' precedents, that the fees for students should be around 20 per cent of the average total costs incurred per student by the Federal Government.

Payment of the greater part of the fees by the government reflected the widely held view that there were substantial benefits to society from higher education, although it was acknowledged that it was virtually impossible to apportion the benefits between those accruing to society and those accruing privately to the individuals who had such an education. The figure of 20 per cent was suggested because it could be related to the level of student fees charged before they were abolished in 1974, and was approximately in line with fees charged by publicly funded universities overseas. This meant that fees per student in 1988 would range from $1200 to $5000 a year, depending on the course studied, and on this basis the committee nominated three fee levels: $3000 a year for full-time students in medicine, dentistry and a few other high-cost courses; $2500 a year for full-time students in engineering, science and several other of the more costly courses; and $1500 for all other students.

The Wran Report recommended that graduates should begin to repay the accumulated debt of their student fees when their annual incomes reached the level of the average annual earnings of all

employees in the community (then about $21 500), and that they should then repay the debt through a levy of 2 per cent of their annual taxable income.

The Wran Report estimated that the net gain to revenue from its recommendations would be $445 million in 2001, which would be equivalent to about 50 per cent of the funding gap projected by then in the Green Paper. While the scheme recommended by the Wran Report would have contributed $625 million to revenue by 2001, this would have been offset by the costs of other recommendations in the report-notably an 'access improvement package', involving increased living allowances for students through AUSTUDY, and abolition of the HEAC that had been introduced only the previous year, in 1987.

The Wran Report also considered how contributions to higher education might be raised from industry, as it is one of the direct beneficiaries of skills developed through higher education. The committee found this issue hard and not central to its concerns; its main recommendation here, however, was for establishment of a 'tripartite body . . . to develop education and training levy arrangements in industry' (p. 76). Behind the scenes, the Department of Prime Minister and Cabinet worked to get the issue referred to another body.

> *'Some form of employer contribution was an important issue for me. I raised it every meeting, but could never get it up. We didn't know how to do it. So, the philosophy and principle never went anywhere.' (Mike Gallagher)*

CONSULTATION

> *'We called for submissions once. But really, we were a bit of a backroom committee.' (Bob Gregory)*

Formal and public consultations were held on the Green Paper. The main aim of the formal consultation, in Dawkins' eyes, was to gain support for his vision of reform in higher education.

Over 600 submissions were received, from higher education institutions, individual academics, business and employer groups, trade unions, community groups and other interested people. DEET's 1987/88 annual report referred to 'wide community discussion' of this report and noted that the 'strong community response . . . lent support to the Government's view that changes to the higher education system were timely and important'. It was noted that there was 'much support for the main points of the proposals, particularly the need for growth and the importance of extending the chance of higher education to those groups that have traditionally been excluded' (1998: 93).

The consultation on the Wran Report was more intense and focused than for the Green Paper, because it was the Wran Report that had grasped the nettle on student charges. The university sector had been critical of the shake-up proposed in the Green Paper. Dawkins had anticipated the controversy that his reforms generally would arouse; so, usually with Paul Hickey of DEFT and his senior staff, he consulted informally with a small group, of 'reform-minded' university vice-chancellors, dubbed the 'purple circle', and these consultations continued during the deliberations of the Wran Committee. This form of consultation ensured that the higher education sector was

aware of the totality of changes being considered, thus adding to the likelihood of acceptance of HECS by the sector.

> ***8 May 1988*** Went on a bit of a high this week because the Wran Committee report was released. Press conference on Thursday and heaps of publicity . . . On Wednesday lunched with Bruce Chapman to go over arguments and then was briefed in case Wran could not come (because Jill had had their baby) . . . Dawkins was excellent. The wonderful secretariat had prepared a brief for Cabinet which they presented (Alison and Bruce) to it on Tuesday. At a meeting with Howe, he (unlike his staff) said how enthusiastic he was about the report!
>
> ***15 May 1988*** Tuesday-my birthday-was hard: division heads meeting followed by child care meeting. In the middle of that the Minister rang wanting a brief on Wran Committee stuff by 5 p.m. Sped off to and from doctor at Civic writing the brief on the bus because I had meetings for the rest of the afternoon.

The summary of public responses to the Wran Committee's proposals released in May 1988 referred to polls showing that two in every three Australians considered that 'students, as major beneficiaries of higher education, should pay at least part of the cost of their courses' (1998c: 2). Suggested alternatives to the committee's proposals mostly provided for others to pay more towards higher education, including the government (i.e. taxpayers generally), industry, or high-income earners in general. A concluding section of the summary, titled 'Refinements to the core proposal', discussed some issues of detail that would figure prominently in later reviews of HECS. These included the costs nominated for different university courses, the threshold level of income or other conditions determining when graduates would start to repay their HECS debts, and the rates at which those repayments should be made, in the form of a percentage surcharge on income tax.

On the release of the Wran Report, negative comments came from students, as expected:

> The NUS Education Vice-President, Ms ICiri Evans, said reports that the Wran Committee on higher education had recommended the introduction of a graduate tax were shocking. 'Even more shocking are reports that Cabinet looked favourably on the Wran recommendations-it will mean the end of universal free tertiary education in Australia, and could well seal the fate of this government', Ms Evans said. (National Union of Students, media statement, 4 May 1988)

The unions were also resistant, wanting more action on levying industry (ANU Reporter 13 May 1988), although Dawkins had made sure a big union figure, Laurie Carmichael, understood the issues and would be an advocate for the reforms. The Vice-Chancellors' Committee was positive but cautious, seeing the Wran Report as 'probably the best we can hope for'. Its main concern was that there be no reduction in public funding of universities.

> *'The biggest challenge was to get universities on side, especially after the Green Paper. There was no trust in government.' (Alison Weeks)*

With the release of the Wran Report, the political consultation began in earnest, particularly to persuade Dawkins' own party to abandon its deep commitment to free university education. This

consultation was focused on, though by no means confined to, the biennial National Conference of the ALP scheduled for June 1988. If Dawkins' reforms were to proceed, it was necessary at this conference to have the ALP platform's commitment to a free university education amended.

> *'For Dawkins it was the internal party politics that mattered. If he could sell it to them, then the policy would get through all right.' (Alison Weeks)*

The nature of the public consultation on the Wran Report was conveyed in a paper prepared mainly for delegates to the ALP National Conference. This contained a letter from Wran to conference delegates, arguing the case for the recommendations in his committee's report, and a summary of public responses to that report. His letter emphasised the equity arguments for the committee's recommendations-not surprisingly, in view of his audience. At the heart of these was the fact that a university education was still the privilege of a few, paid for by the community as a whole:

> Not only are higher education students drawn disproportionately from privileged backgrounds, but they themselves tend to be among the more privileged and affluent members of society on graduation ... a small and relatively privileged section of the community obtains most of the benefits from higher education while the bulk of the costs fall on middle to lower income earners and PAYE taxpayers, most of whom have never attended a higher education institution. (Committee on Higher Education Funding 1988b: 2)

Implicit in these remarks was the evident failure of a system of free university education to widen access to such education, and the case for students themselves to pay more towards their higher education.

Dawkins succeeded in getting revisions to the ALP platform that were sympathetic to his views agreed at the ALP National Conference. Specifically, the new platform no longer contained the commitment to 'free tertiary education' that had been in previous ones, and it contained the following resolution under the heading 'Higher and further education':

> While any kind of compulsory up front fees is rejected, consideration needs to be given to various proposals to provide additional funding including income tax levies on all high income earners, the proposals from the Wran Committee and any other proposals that meet the above principles. (ALP 1988: 74)

MOVING TOWARDS DECISIONS

> The ACCESS [Australian Contribution to the Cost of Education for Students Scheme] higher education funding scheme is the fairest and most innovative education reform package put before the Federal Government in 30 years, Mr Neville Wran, AC, QC, Chairman of the Committee on Higher Education, said today. (Media Release, 5 May 1988)

The Wran Committee recommended what it called an integrated package of measures:

- the 'core proposal' of a higher education contribution scheme with students contributing around 20 per cent of the costs of their courses over time, subject to capacity to pay
- a set of financial initiatives to expand participation of the disadvantaged through improvements to AUSTUDY and other student assistance schemes
- establishment of a tripartite body to develop appropriate arrangements for industry contributions to education' and training
- abolition of the Higher Education Administrative Charge.

Important too was the recommendation that the proceeds of the higher education contribution scheme be placed in a dedicated trust fund to be spent only on increasing the number of student places and improving student assistance under AUSTUDY.

Dawkins issued a press release: 'It's own basic solution is without precedent in the world. This is largely because the Committee adhered strictly to the injunction in its terms of reference to have regard to the social as well as educational implications of its recommendations' (Dawkins 1988b: 5).

The press

Political journalists with the main Australian newspapers were also important players in the HECS debate, in that they drew attention to political sensitivities surrounding tertiary fees. For example, the controversial proposal of Senator Walsh in 1985 to re-introduce some form of charge for tertiary students, and the differences of view on this within the Cabinet and ALP, received a lot of attention from leading political journalists in February and March that year.

Press headlines provide insights into the nature of the political debate, and indirectly convey in retrospect the extent of the challenge faced by Dawkins when he introduced HECS: 'Hawke hints Caucus might reverse tertiary fee decision' (Louise Dodson, *Australian Financial Review*, 17 May 1985: 5); 'Hawke upsets Left on tertiary fees' (Howard Conkey, *Canberra Times*, 17 May 1985: 1); 'Hawke facing caucus move against fees' (Ian Davis, *Age*, 20 May 1985: 5); and finally, 'Hawke backs away from move to bring back tertiary fees' (Amanda Buckley and Mike Steketee, *Sydney Morning Herald*, 21 May 1985: 1). It was thus not surprising that when Dawkins introduced his HECS proposals in 1988, the press continued to focus on the politics of the issues, though in the context of Dawkins' broader proposals for change in the tertiary sector: 'Dawkins starts graduate tax hard sell to ALP' (Donald Greenlees, *Australian*, 22 August 1988: 3); 'Graduate tax big win for Dawkins' (Robert Reid, *Australian*, 24 August 1988: 6); and 'Labor's tertiary-tax plan "very brave"' (Penelope Layland, *Canberra Times*, 6 September 1988: 2).

In the lead-up to the publication of the Wran Report, the press reaction had been largely favourable, with positive comments from key commentators. Once the report was released, newspapers gave it much publicity; they publicised the negative reactions from many stakeholder groups, but also gave much space to supportive pieces in editorials and commentaries.

For example, under the headline ' Wran Graduate Tax Plan Staunchly Opposed', the *Australian Financial Review* said: 'The Wran Committee's proposal to raise $635 million a year by the end of the century by requiring tertiary students to pay a 2 per cent graduate tax has hit an immediate wall of opposition from students, the ALP Caucus, the business community and the trade union

movement' (Wayne Burns, *AFR* 6 May 1988: 6).

The *Australian*, on the same day on its front page, while noting opposition to the scheme, had political comment from Paul Kelly which was strongly in favour of the proposals: 'The Labor Party has bitten on the user-pays principle in tertiary education. It has broken through the futile political debate about fees with a new concept that should win party approval and transform higher education funding' *(Australian*, 6 May 1988: 1). Kelly concluded his article this way:

> It is merely another test of Labor's judgment and nerve. At a time when the party has jelly legs about firm decisions asset sales, spending cuts, waterfront reforms-a bit of sensible leadership has been brought to bear in the tertiary funding area. If the party cannot wear this then it had been [sic] better sign out in the Parliament House visitor's book next Monday.

Dawkins played the politics hard, from the Wran announcements through the ALP Platform Committee on education, to the ALP National Conference in June and in the lead-up to the August budget. Fear of Gough Whitlam's negativism about any charges led Dawkins to gain a commitment, if a shaky one, that Whitlam would not pour cold water on the proposal, at least not publicly.

> ***29 July 1988*** All we have been working for since last November has come to fruition in the Budget process. All of the Minister's [Howe's] packages have gone on to success. A fantastic record of achievement plus Dawkins' Graduate Tax. Week before this one spent half the week waiting for Cabinet, ERC or Social and Family Policy Committee to call.

The main substantive difference between the scheme the government actually adopted in the budget of August 1988 and the Wran recommendations was to not vary the charge according to course cost. (This decision was later turned back nearer to the Wran recommendation.) This was a reaction to Caucus concerns, in particular about poorer students who were likely to be risk-averse and so discouraged from taking more expensive courses (e.g. medicine and. engineering compared with arts and law), and there is some evidence that the department put this case on equity grounds.

The government exempted students enrolled in basic nurse education courses (until 1993), adult education and continuing education students, and students enrolled in non-award courses; it also exempted 15 000 postgraduate scholarships, including those for the professional development of teachers. It opted for the discount of 15 per cent for students who paid their fees upfront.

To keep universities on side, $10m was allocated each year to help higher education institutions meet their administrative costs in implementing the scheme.

> ***4 June 1988*** At airport went straight to Golden Wing lounge to start preparations for talk I had to give with others that night to 500 students on Wran Committee proposals. Met Bruce there. Both in an agitated state so spent the hour or so on the direct flight to Adelaide preparing our talks ... Also speaking was Ken Davidson (journalist), Kiri Evans (the formidable student representative) and Hugh Stretton. Bruce, Frank Milne (ANU) and I were on the other side. Debate went on for three hours or so, each of us speaking for ten minutes and then questions from the 500-odd attendees. I answered a lot of the questions. Poor Bruce, being the male economist quoting facts all the time, didn't come through so well ... 8.30 a.m. next morning, on talkback radio for half an hour with Kiri Evans ...

This initiative was huge at a time when the government was still concerned with the budget deficit. It amounted to an increase of almost $1 billion being committed to higher education over three years, on the basis of an expected stream of HECS revenue into the future. The number of higher education places was forecast to increase by 50 per cent in the first five years.

IMPLEMENTATION

> *'Dealings with the Tax Office appeared to me to be a classic example of obfuscation, obstruction and hindrance in bureaucratic politics, but for quite good reasons that I understood later.' (Bruce Chapman)*

As HECS involves payments by students that relate to the level of their incomes, it seemed obvious to those who were developing HECS that a simple and efficient method for collecting such payments would be through the tax system. The ATO was initially opposed to doing this, however, and the account of how it changed its mind illustrates some important and not uncommon issues in policy implementation.

The first discussions with the ATO occurred as part of the process of interdepartmental consultation that normally precedes submission of a proposal to Cabinet. Although implementation of a policy is commonly seen as an 'administrative' issue to be settled among officials within the bureaucracy, on this occasion responsibility for the initial discussions with the Tax Office, curiously, was given to Bruce Chapman, who commented that at the time he had 'not much experience of how this should be done . . . [and] no understanding of the policy process' (Chapman 1996a: 13).

> *'It .was a salutary experience, one of those things in your career that turns out to be a turning point in an understanding of how things work. I now laugh at my image: a wet-behind-the ears academic strolling cheerfully to the ATO with the unquestioned conviction that if a policy was good, bureaucrats would naturally jump at the chance of implementing it. I projected that they'd leap up and down with enthusiasm and say, "what a terrific idea, Bruce, we'd just love to be involved!" I was much younger then.*
>
> *'My recollection of this first meeting is as follows. I argued that a charge for higher education was justified. I explained the merits of collecting such a charge depending on graduates' future incomes, and pushed that for these things to happen the ATO was the natural (the only) collection institution available. The ATO, I think I said, had the unique advantages of knowing what graduates' incomes were and being able to easily make the relevant deductions from salaries. I probably said something like: "This is a great opportunity for path-breaking policy reform".*
>
> *At the end of my short presentation I can remember thinking there would be no doubt they would be keen to be involved in the development of the policy. I did what most of us frequently do: I projected that they would agree to what I thought was the obvious (i.e. what I wanted). However, it soon became clear that this was not the case. The more senior of the two (I could tell, because his seat was higher) said: "The Tax Office collects taxes, not debts. This is a basic principle. " Their raising the issue of "principle" seemed to be the end of the conversation, because a "principle"-by definition-is something that can never be compromised. I left the ATO disheartened, with my*

confused tail between my legs, and my racket in tatters. But I knew I had to come back, maybe many times.

'Preparing for the next meeting I decided to ignore the difficult issue of what a principle actually means, and instead planned on asking them to outline the practical implementation issues. At this second meeting they came up with many problems, such as: "People avoid taxes. What does this scheme do about that?"; or "People die. How can we collect their debt if this happens? We don't have death duties in this country. "

'I hadn't thought much about these issues at the time. At the meeting I was not able to respond convincingly and felt even more disheartened and frustrated. I thought about these questions and decided to address them at the third meeting. I wanted to address the empirical significance of adverse possibilities, and what their existence might mean for the viability of the policy. It seemed to me that none of the practical difficulties raised by the ATO were important. They probably knew I was right and, as a consequence, reverted back to the principle: "The Tax Office does not collect debt". Then a critical thing happened.

'In a coffee break from the discussion ("battle" is probably the right word), the senior man asked me, by way of friendly conversation, who was on the Wran Committee. I said Bob Gregory (who they seemed to approve of), Mike Gallagher (no opinion was expressed), and Meredith Edwards. The mention of the last changed everything.

'The senior official's demeanour changed radically, and much to the negative, at the mention of Meredith's name. He turned to his offsider and said "We're stuffed". They seemed then to wave a white flag; the Wran Committee had won the Wimbledon final, after being two sets to nil down.

'Later I came to appreciate why Meredith Edwards being on the Wran Committee was critical to the ATO's assent. It was because, unknown to me, Meredith Edwards had been fundamentally involved in the institution of the non-custodial parenting support scheme. ATO was already involved in doing things that were not just about taxes, and could be described as "debt collection". In other words, the "principle" of the ATO not being a debt collector had already been significantly compromised well before I turned up arguing for HECS.

'Essentially this was the end of my involvement with the ATO with respect of HECS. ATO officials came to the Wran Committee for discussion about administrative arrangements, but there was not strong opposition. The administrative issue was resolved.' (Bruce Chapman)

The ATO offered two reasons why it should not be responsible for implementing HECS: such a task would conflict with its traditional functions, and in particular with the principle that it should not be a debt collection agency; and, perhaps somewhat inconsistently with this argument, some of the possible debts that could arise under HECS would be difficult to collect. These would include debts of students emigrating or dying after graduation, and debts of those graduates who evaded their obligations in the same way as some other taxpayers evade their tax obligations.

These arguments were successfully countered, essentially because of a precedent for debt collection by the ATO, and doubts about the significance of any bad debts. Not long before the HECS issue arose, the ATO had become involved in collecting payments from noncustodial parents for child maintenance (see Chapter 3). The way in which this fact entered the argument about the Tax Office's principled opposition to involvement with HECS as described above.

Further, there was little evidence to indicate that the possible losses through bad debts from defaulting or dying graduates would be significant when compared with the gains to revenue from HECS and the obvious efficiencies from collecting HECS payments through the tax system.

The ATO's initially reluctant acquiescence in implementing HECS turned within a few years into enthusiastic support for such an arrangement, due in no small measure to Paul Keating's support. When in 1992 it was proposed that the ATO should collect certain other debts from students, related to student income support, its response was 'completely different'. The official discussions with the ATO to arrange collection of these debts, based on the system operating by then for HECS, revealed that it had become an enthusiastic supporter of the HECS arrangement: 'in contradistinction to the 1988 discussion, a range of HECS promotional material (such as pens, balloons, a video and a board game) were offered as evidence for the ATO's commitment to the [HECS] scheme' (Chapman 1996a: 14-15).

> *'Some time later (after HECS] I had to confront the ATO with a policy development similar to HECS. In 1992 1 recommended that the Government introduce the Austudy Loan Supplement. This also required the ATO to collect debt. This time when I went to the ATO to discuss the proposal the action stung me: "Not a problem" one of the same officials said and I nearly fell off the chair. He then said: "Do you have a HECS pen?". He offered me an ATO biro-type implement which had written on it: "HECS-the ATO Working for You". He was clearly pleased that there was such a thing. He followed this up with: "Have you seen our HECS video?". And he went on to say proudly that this was shown in most Australian high schools to Year 12 students so they knew what would happen to them with respect to university charges and how they would be paid. This was followed with some HECS balloons and a HECS board game. I left the ATO in a daze, struggling to hold my video, pens, balloons and board games.*
>
> *'On reflection it was not hard to understand why the ATO was now embracing HECS and the Austudy Loans Supplement. A government department is right to resist new administrative arrangements, particularly if it is obvious that they will involve greater staff input, as HECS did. After all, they may not get the required additional staff and this would mean harder work for those there . . . If a public servant's role is partly about avoiding screw-ups it makes sense not to get involved too unquestioningly, and this they certainly weren't.*
>
> *'I consider that the ATO acted perfectly reasonably, indeed rationally, both in the barriers they erected, and their eventual acceptance and ownership of HECS. This institution showed itself to be a model of cautious and progressive administration, and we should acknowledge gratefully their professionalism.' (Bruce Chapman)*

There were many strands to implementation. One was continuing to confront hostile universities where Paul Hickey from DEFT played a key role. Dawkins had to go back to Cabinet to gain additional dollars for implementation to placate the university sector. Consultation and 'selling' took place beyond the budget announcements as implementation progressed beyond the university sector, especially within the ALP, and to student groups as well as to ACOSS, the Australian Council of Trade Unions (ACTU), the Business Council and union groups. Dawkins wrote to every enrolled student on why the scheme was necessary and how it would work.

Alongside the above, constitutional issues were requiring the close attention of legal advisers. The Minister, if not the government, could see good political reasons not to have HECS regarded as a tax, even though that would have given the Commonwealth the needed consitutional authority for HECS. Dennis Rose, Solicitor General in the Attorney-General's Department, was brought in for advice. When Rose suggested that the part of the Constitution dealing with 'benefits for students' should be used, Dawkins and his advisers laughed. Dawkins, however, did not laugh once Rose explained how this could be done.

> *'The Commonwealth could provide grants to the states for universities subject to the states requiring universities to charge fees upfront. The Commonwealth would then provide the (deferred) loan to students, repayable, when income exceeds the stated sum.' (Dennis Rose)*

This example (as with child support), illustrates how legal advice can impact on actual decisions, especially to get around constitutional difficulties, and can lead to a change to the conceptual base of a scheme to make it workable and/or politically acceptable. Rose saw his job as working out how to do 'indirectly' what was wanted, if that could not be done directly.

Students did start a High Court challenge to the legislation, but backed off when they realised that if they won on constitutional grounds, the Commonwealth would turn to its tax power.

> *'The disconnection of policy advice from the department in charge of implementation made putting the systems in place that much harder.' (Mike Gallagher)*

Given the short time from the Cabinet decision on HECS to the start of the scheme – less than five months – and some resistance from those implementing because they were not involved in the policy development process, the process was helped considerably by the continuity of a few key players, such as Chris Robinson, who had been a member of the Wran Committee secretariat and went on to head the HECS implementation unit in the department, and Paul Hickey, as well as a dedicated implementation taskforce under the experienced leadership of Peter Grant.

This experience with HECS illustrates two important points about the realities of policy implementation. First, officials asked to implement new policies will often be inclined to be cautious initially and to see 'difficulties' for reasons that may be quite rational from individual or organisational perspectives: apart from uncertainties about whether acquiring new responsibilities will make life more difficult, there may also be uncertainties, in an environment of tight budgets and scarce resources, about whether the additional resources needed to perform new tasks properly will be provided. Second, the course of the argument about implementation of HECS illustrates the significance that established practice and precedent can acquire in the bureaucracy. The ATO was initially reluctant to administer HECS because this conflicted with an established concept of the ATO's role. A precedent for extending that role (its recent involvement in the administration of child support) became a telling reason for also taking on HECS, and once this had been done, the ATO's role in HECS became a good reason why it should also take on similar responsibilities a little later with debts relating to student income support.

EVALUATION

Several evaluations have been done of HECS, beginning with one undertaken in 1989, soon after the scheme was introduced (Robertson et al. 1990). This study was funded and guided by the government through DEFT. Its general aim was 'to seek to understand the motivation of those deciding not to participate or continue in higher education, including the impact of the HECS on their decision' (letter, Milligan to Chapman, 4 May 1989). It was thus addressing the central issue of HECS, access to higher education, and in particular a widespread apprehension at the time HECS was introduced that the charges it imposed on students would deter some from starting or continuing with higher education.

The study was undertaken by academics from Flinders and Curtin Universities and it examined effects of HECS on the participation of students in higher education in Victoria and Western Australia, and in particular on the extent to which the types of charges introduced by HECS deterred such participation. It was based on a questionnaire survey, and it concluded that HECS had little effect on 1989 undergraduate enrolments: only 2 per cent of potential entrants to the institutions surveyed cited HECS as important in a decision not to enrol, and only 5 per cent of undergraduates cited it important in a decision not to re-enrol; about 10 per cent of potential postgraduates cited HECS as an important reason for not re-enrolling. Mature-age students and those whose parents had lower educational qualifications were more prominent among the relatively small numbers of students deterred by HECS charges. The quantitative impact 'was largely confined to the post-graduate area, and even here, the proportion deterred by HECS was less than 10 per cent' (Robertson et al. 1990: ii).

A few years later, in 1992, the Higher Education Council initiated a study of the effects of HECS on the higher education aspirations of Year 12 students and adults 'perceived as potentially disadvantaged' (NBEET 1992). The council was a high-level body established to advise the Minister on educational issues, and it was required to report annually on the operation of HECS. In response to concerns expressed by the National Board of Employment, Education and Training about effects of HECS on the particular groups mentioned, it commissioned a firm of consultants (Ernst & Young) to survey students in New South Wales, Victoria, Queensland and Western Australia. Ernst & Young were assisted in the work by academics from the Higher Education Advisory and Research Unit at Monash University. The terms of reference for the study sought to build on previous studies of the impact of HECS and to provide 'a deeper qualitative understanding' of how it affected students' decisions about studying.

The findings of the study were broadly similar to those of Robertson and colleagues (1990) – in other words, that HECS seemed to have only marginal effects on the intentions of those surveyed. It concluded that, for Year 12 students, it was unlikely that there were any groups for which HECS was 'a critically important influence on decisions about participating in higher education; and that for the 'potentially disadvantaged' adults surveyed, HECS was only a 'middle ranking factor' among all those that seemed to influence decisions about higher education study (p. xii).

The findings of these two studies, that the introduction of student charges for higher education had not significantly changed access to such education, were broadly consistent with data on trends

in the composition of the higher education student body collected by the Australian Council of Educational Research. These data showed that the socio-economic composition of 18-year-old students, for example, was about the same in 1988, before HECS was introduced, as it was five years later in 1993. More specifically, they showed that while enrolments of such students increased over this period, the proportions coming from families of high, medium or low incomes were about the same at the end of the period as at the beginning (Chapman and Smith 1994: 14).

Thus empirical analysis of the effects of HECS seemed to support a conclusion that 'even a radical movement away from a no charge system can be instituted without jeopardising the participation of disadvantaged potential students; this is all traceable to income contingent repayment' (Chapman 1996b: 14).

CONCLUSIONS

The story of HECS illustrates how the 'right' mixture of ideas and expertise can produce a radical and enduring policy change. Unlike many other radical policy changes, it had a relatively brief gestation and a quick birth: less than eighteen months elapsed between the central ideas behind HECS beginning to take shape and the scheme starting operation in January 1989, around ten months up to Cabinet decision. There are several reasons for such an enduring policy emerging so quickly.

- It was driven by an energetic and influential minister, John Dawkins, who became closely involved in the policy process, even though he started off with a relatively open mind on the specific charging regime.
- The analytical stage of the process had much intellectual depth and substance, both through the involvement of academic economists from the Australian National University-notably Bruce Chapman as consultant to Dawkins (for a crucial period Chapman was engaged in the process full-time) and the hard-working and able service of a selected group of public servants.
- Implementation was administratively fairly simple, once the main elements of the policy had been determined (and after some bureaucratic resistance on issues of 'principle' had been overcome).
- Fundamentally, and with the benefit of hindsight, HECS was in many respects an 'idea whose time has come' (see Kingdon 1995: Iff.): it was recognised as a pragmatic response to a situation in which demand for university places was increasing, government funding of universities was contracting, and some form of student contribution towards university costs began to seem both equitable and efficient.

The contrast between the attempts of Walsh and Dawkins to put university fees in some form on the agenda is worth examining. The story of HECS and its policy development is a story about the role of a strong minister who read the environment well. Unlike Walsh, who explicitly advocated the introduction of fees, which would have led to increased government revenue, Dawkins put a different slant on the problem. He did highlight the need for increased revenue to be raised from within the sector, but alongside the need for an increase in places. In addition, he did not propose a specific solution initially. Instead, he established the Wran Committee in December 1997 to

consider this question in greater depth, after placing the funding issues in a broader economic and social context.

In one sense, the issue of charging for university education is ever present and timeless. It is part of the broader issue of university funding, and thus is as old as universities themselves. The personalities involved in the development of HECS included not only a reformist minister, who brilliantly played the politics, but also the influential academics and bureaucrats who took part. While many others were also involved, this chapter has shown how these people variously contributed drive, political judgment and public persuasion, ideas and theory, rigorous analysis and an understanding of administrative practicalities in what was, with hindsight, the right mixture to produce a successful and enduring outcome, at the right time. The chapter has thus highlighted that effective policy-making requires an artful mixture of process, people, politics and analysis.

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Case Study 3: Energy

S. George

ENERGY takes first place in these case studies for chronological reasons. Energy, in the form of coal, was chosen as one of the first sectors to be integrated, in the ECSC. It was seen as a sector of central importance, which once integrated had good potential for spillover into other sectors. Monnet persisted with the same emphasis on energy when he floated the scheme for Euratom, this time moving from coal to nuclear energy. There was good reason, then, to expect the emergence of a common Community energy policy. Yet, and this is another reason for the pride of place given to energy, no such policy emerged, even in the aftermath of the 1973 energy crisis, and thus the sector could be seen as the most spectacular failure of the process of integration.

COAL

There were two major assumptions in Monnet's choice of coal as one of the first sectors to be integrated. The first was that coal would remain Western Europe's main source of energy, an assumption that was shared by most Europeans at the time and that prevailed through to the end of the 1950s. The second was that the High Authority of the ECSC would act as an interventionist planning body for the production and marketing of coal. His disappointment in this respect has already been discussed in Chapter 1. The High Authority chose not to take a *dirigiste* approach to its tasks, and contented itself with dismantling national price controls so as to create a genuine common market. This it had achieved by 1953, but it still felt the need for price controls to exist so long as there were powerful producers' cartels in existence in the Nord/Pas de Calais and Ruhr coalfields. So the High Authority instituted its own price controls, as a temporary measure, on the grounds that if it did not set prices the cartels would do so. In the longer term its solution was again free-market orientated rather than *dirigiste*: it aimed to dismantle the cartels.

In its task of dismantling the cartels it received the full backing of both the French and West German governments, despite the resistance of the coal producers themselves. The French were more concerned to ensure access to the cheapest possible supplies of coal, which meant the higher quality Ruhr coal, than they were to preserve their own cartel. The West German government was acting according to its free-market principles, which were proving increasingly successful, and in response to the demands of the new industries, especially the chemical industry, for cheaper fuel. The West German government was also keen to remove any excuse for continued price-fixing by the High Authority, fearing the consequences of allowing it to develop *dirigiste* tendencies.

The free-market orientation and excessive deference to national governments shown by the High Authority led to Monnet's resignation as its president in 1955. He seems to have given up on the ECSC as an instrument of integration, and to have turned his attention to making a new start. Yet the attitude of the High Authority probably made it easier for the member states to envisage an extension of integration, and the Authority itself did gain a certain prestige, which was perhaps not fully deserved, by presiding over the expansion of the output of and the market for coal. Since the

expansion of coal output did not keep pace with the demand, there was no more reason for the High Authority to take any credit than there was for national governments to do so, but that did not stop the High Authority from claiming the credit on behalf of the ECSC.

The problems for coal, and for the High Authority's sense of its own importance, came in 1958 and 1959. A sequence of two mild winters combined with a slowing in the rate of industrial expansion led to an increase in coal stocks at the pit-head in the ECSC from 7.3 million tons in 1957 to 24.7 million tons in 1958, to 31.2 million tons in 1959.[1] At first the High Authority took a relaxed attitude, assuming the problems to be only temporary, but eventually it was forced to act because Belgium, France, and West Germany took national measures to control imports of coal, thus threatening the common market. In March 1959 the High Authority requested that the Council of Ministers declare a state of manifest crisis under the terms of the Treaty of Paris. This required only a qualified majority in the Council, but did not achieve it. France, now under General de Gaulle, rejected the grant of even emergency powers to a supranational body. The Netherlands and Italy objected to the proposal to control imports under the emergency powers: they were interested in taking advantage of low world energy prices to revive their flagging industrial performance. West Germany's refusal to support the measure was crucial, and was based on opposition to the High Authority from its own coal producers and a desire to solve the problems by means of subsidies to coal, which would allow the continuation of cheap energy-supplies to the rest of West German industry. The High Authority was not proposing subsidies: the Treaty of Paris gave it no power to do so. It was proposing import controls and production quotas, which were unacceptable to energy consumers and to coal producers respectively.

The refusal of the Council of Ministers to declare a crisis, and to trust the High Authority with emergency powers, was a blow to the prestige and self-confidence of the Authority equivalent to the effect of the 1965 crisis on the Commission of the EEC. It attempted to salvage some vestige of a common approach to the problems of coal with a Protocol of Agreement on Energy Policy,[2] which was prepared by the Inter-Executive Working Party on Energy, comprising representatives of the High Authority and of the Commissions of Euratom and of the EEC. This was accepted by the Council of Ministers of ECSC in April 1964, and the High Authority welcomed it as the equivalent of the EEC agreement on a common agricultural policy. But this was just rhetoric: the agreement amounted to no more than Community co-ordination of existing national subsidies to the coal industry, with no element of joint financing. Subsequently, in 1966, the Authority tried to get agreement to Community decision-making on production levels, but West Germany was not prepared to accept that unless there were joint Community financing for the subsidies, and France, Italy, and the Netherlands-who were all net importers of coal-refused to contribute, so the proposal was withdrawn. Although it had never shown strong directive leadership, the High Authority by this time had become a weak body, even losing the argument within the Inter-Executive Working Party for an energy strategy based on coal. By the time that the three executives were merged, in 1967, the EEC argument for the unrestricted import of cheap energy, and the Euratom argument for the long-term development of atomic energy, were the two dominant elements in Community thinking on energy-supply.

EURATOM

Monnet saw the Euratom scheme as a new start for integration. He believed that atomic power had the potential to supply the increasing demand for energy that was already being experienced in the mid-1950s, and to supply it both cheaply and reliably. The attraction to national governments of a joint scheme for the development of nuclear energy was the sharing of the high costs involved. From Monnet's viewpoint the sector also promised to be one in which planning would be inevitable, thus endowing it with spillover potential. It was also one in which he believed there would be no strong national vested interests, except in France, but France could not afford to develop its own atomic energy programme, as it was beginning to realize. Finally, Monnet hoped that a European approach to atomic research would prevent the acquisition by France of its own nuclear bomb, a project that was already under discussion in the Fourth Republic.

In this last aim Monnet won the support of the United States, where business interests were keen to export the products of their own nuclear industry, but the government was concerned to prevent the spread of nuclear weapons. Euratom opened up the prospect of the US government being able to conclude an agreement with the Community which would allow the United States to sell nuclear technology and enriched uranium to Western Europe, but at the same time institute safeguards against the military use of such materials in any of the member states. For this reason the United States gave its strong backing to Euratom, an important factor in ensuring the success of the scheme. But, of course, the US conception of Euratom as a convenient customer for its own nuclear plant and materials was not in line with Monnet's conception of it as a means of developing an independent European nuclear industry.

Also out of line with the Monnet view, and with the US view, was that taken by the French National Assembly. Although Guy Mollet's minority Socialist government was genuinely in favour of West European integration, and although Mollet himself believed that France should confine herself to the peaceful use of nuclear energy, Euratom had to be sold to a National Assembly in which there was great suspicion of the idea of supranational control, and a strong feeling in favour of the development of nuclear weapons. Parliamentary support was won on the basis of the argument that Euratom would allow France to devote more resources to research on the military uses of atomic power, which would be kept outside supranational control. Euratom was presented in purely self interested terms as a means whereby France could get cheap access to the nuclear know-how of other member states, guaranteed access to supplies of high quality uranium from the Belgian Congo, and a subsidy for its atomic research programme from West Germany via the Community budget. There was also a revival of one of the arguments that had been used over the EDC: the need to deprive West Germany of something of strategic importance, in this case of a national nuclear industry rather than of a national army.

West German attitudes to the Euratom proposal were divided. Adenauer, who came from the Rhineland and was influenced by the coal producers of that region, was not keen because he saw a poor future for the coal industry if nuclear power were developed rapidly. But his general pro-integration attitude made it difficult for him to reject the proposal, particularly as it was supported by the Americans. And Adenauer was no longer the decisive figure in determining the policy of the government, as its collaboration in the dismantling of the Ruhr coal cartel had demonstrated. The economic miracle had strengthened the hand of Erhard, and on the issue of cheap energy he

had the support of the powerful leader of the CSU, Franz Josef Strauss, who was influenced by the growth of the new engineering and chemical industries in Bavaria and tended to back their demands for cheaper energy. Neither Erhard nor Strauss was happy about Euratom, but they both supported the setting up of the general common market, which the French were only prepared to accept in return for Euratom. They were, however, determined that Euratom would fit in with American views on its purpose rather than with Monnet's views or with those of the French government.

In 1955 Adenauer, at US urging, set up an Atomic Affairs Ministry, and appointed Strauss as Minister. It was Strauss who conducted the negotiations for Euratom on behalf of the West German government, and he did so without much interference from Adenauer, who concentrated on influencing the EEC negotiations. The Treaty of Rome that created Euratom reflects the hard line taken by Strauss in these negotiations. Although a monopoly supply agency for uranium was to be set up, member states were to be able to buy uranium on world markets provided that they obtained the formal approval of the agency. This opened the door to West German purchases of uranium from the United States. There was no commitment in the Treaty to the joint construction of either a uranium enrichment plant or a reprocessing plant, both of which the French had wanted. On the other hand, the French got the concession that was so vital to ratification of the treaty in the National Assembly: there was no obligation to share technological information where national security was involved. The French could also expect to be big beneficiaries from the Euratom research budget, since their national research into nuclear technology accounted for two-thirds of the total of all research among the member states.

It is the opinion of Christian Deubner that 'As a viable and functioning "European atomic industry", which would further integration within Western Europe, Euratom was stillborn.'[3] That may well be true, but even if the compromises written into the treaty were not enough, the first years of Euratom's life were sufficient to kill it in themselves. Fate ensured that the Commission was slow to start work. Louis Armand, the first president, was taken ill: he was replaced in February 1959 by Etienne Hirsch, a former associate of Monnet in the French Planning Commission, but it was not until the end of that year that Euratom really began to operate. By that time both West Germany and Italy had begun to develop their own national nuclear programmes in an attempt to prevent the French from benefiting too heavily from the joint research funding. The partners were well on their way to becoming commercial rivals.

In this difficult situation, Hirsch did attempt to exercise supranational leadership, but his failure is an indication of how little can be achieved if conditions are not propitious. His support for the West German and Italian wish for Euratorn to purchase US-designed reactors upset the French, as did his attempt to bring French plutonium plants under Euratom inspection. The disagreement on joint purchase of US technology meant that national research and development programmes continued. The public announcement by the French government that Hirsch would not be renominated for the presidency of the Euratom Commission combined with Hirsch's own disillusionment to precipitate his resignation. His successor, Pierre Chatenet, did not attempt to exercise strong leadership, though it is doubtful whether he could have done so any more successfully than Hirsch, and under his presidency Euratom moved perceptibly from the development of a 'powerful nuclear industry within the Community' to the 'coordination and supplementing of national programmes' – a move very much in keeping with French desires.[4]

Far from leading to a common energy policy, Euratom may actually have hindered the development of one. Divisions of interest were apparent in the Inter-Executive Working Party, with ECSC officials pressing the case for a protected market for coal, EEC officials championing cheap imported energy, and Euratom officials pressing the case for nuclear power to supersede both coal and imported sources. Such divisions might have occurred in a single executive, but the strength of bureaucratic vested interest might have been less. It was not until after the merger of the three executives in 1967 that a unified approach became feasible.

Euratom may also have contributed indirectly to the failure to develop a common energy policy in a way that was even more serious. The infatuation with the potential of nuclear energy that was manifest in the Euratom proposal led to the position of oil being completely ignored. It was surprising that such an omission should be made in the mid-1950s, especially as the United Nations' Economic Commission for Europe had produced a report on oil prices in Europe which had demonstrated that, as the French had insisted, oil was over-priced on the European market by the oil companies, but that there were plentiful supplies available in the Middle East and North Africa, and the entry of new firms was likely to lead to a substantial decline in price.[5] Yet Monnet seems to have overlooked the potential of oil altogether; the Spaak memorandums, on the basis of which the Treaties of Rome were negotiated, assumed that the choice for Europe was between continued dependence on high-cost coal and movement to low-cost nuclear energy; and the treaties contain no mention of oil at all.

There may be some excuse for this oil-blindness by the Spaak Committee. It was meeting prior to the 1958 coal crisis, oil was still relatively expensive, and was only used as a back-up to coal. Perhaps more pertinently, the motivation behind Euratom was primarily political, to relaunch the project of European integration, and the introduction of oil would have involved powerful vested interests, the oil companies, in the negotiations. Also, the negotiation of the treaty took place against a background of political uncertainty in the Middle East, with the Suez crisis coming in the later stages of negotiation as a reminder of the potential problems of dependence on an entirely external source of energy. There was possibly also in the minds of Monnet, Spaak, and others, the thought that if private capital were to be encouraged to invest in the development of nuclear technology, the Community states would need to make an unequivocal commitment to nuclear energy for the future, or the cost of development might combine with uncertainty on returns to prevent investment. But whatever the reasons for the neglect of oil, it was disastrous from the point of view of a common energy policy.

OIL

The absence even of any allocation to one of the Communities of responsibility for oil left the way open for the multinational oil companies to develop the market for themselves, free of any controls. They did so on a West European-wide basis which ignored the frontiers of the EC just as it ignored national frontiers. The headquarters of this operation for six of the seven big oil companies was in London: only Royal Dutch Shell operated from headquarters within the original EC, in The Hague. This created a pattern of national interest-group activity that was to be significant later in the history of the Communities.

It was because of the major oil companies that Western Europe became dependent on the Middle East for oil-supplies. They operated two world networks of supply, a western hemisphere operation to supply the North American market from oilfields on the American continent, and an eastern hemisphere operation to supply the West European market from the Middle East. This dependence on a politically unstable region of the world was already causing concern in the late 1960s, by which time West European dependence on oil had increased considerably, and it was to have far-reaching effects on Community policy after 1973.

The increase in the use of oil, predicted by the 1955 UN ECE report, was the result of two factors. First, the ultimate lesson that was drawn from the Suez crisis, and from later crises such as the 1967 Middle East war, was that the oil companies were able to ensure continuity of supply despite the instability of the region: it was safe to move over to oil. Second, the price began to fall. Up to the end of the 1950s the major oil companies had exploited their oligopoly to charge higher prices than were justified by the cost of crude oil (the posted price) and the cost of refining. Governments on both sides of the Atlantic tacitly collaborated in this, the United States to protect the viability of its indigenous oilfields, which were relatively high-cost, and the West Europeans to shield the coal industry from precipitate decline. But as coal production failed to keep up with the expansion of demand during the 1950s, pressure began to grow on the oil companies to re-examine their pricing structure, most strongly from the French and Italian governments. They exerted pressure particularly by forming national oil companies to engage in prospecting, with a view to breaking the oligopoly of the 'seven sisters'.[6] In this they were successful, along with smaller American companies, who developed new fields in Algeria, Libya, and Nigeria. As competition increased, the big companies faced the prospect of an excess of supply, particularly when the United States imposed quota restrictions on imports of oil in 1958 to protect domestic producers from the effects of any excess on the world market.

In 1959 and 1960 the big companies bowed to competitive pressures and lowered prices. But in order to protect their high profit margins the way in which they chose to do this was by lowering the posted price, which was the price at the well-head, on the basis of which they paid tax to the government of the state that owned the oil. Their action had two effects. First it lowered the price of oil to the West European consumers, so contributing to its increased use. Second, though, it caused protests from the oil producing states, and led directly to the Organization of Petroleum Exporting Countries (OPEC) being formed in September 1960. But OPEC was relatively ineffective in countering the reduction in its members' income, until the end of the 1960s. Then the new Libyan regime of Colonel Gaddafi showed that a determined approach, with the threat to limit production if prices were not raised, could produce results. In January and February 1971 OPEC, meeting with the major oil companies in Tehran, adopted the same tactics, and secured an increase in the posted price. Libya got an even better deal in unilateral negotiations in Tripoli in April 1971. These were ominous harbingers of what was to come just over two years later.

The seriousness of these developments for Western Europe lay in its increased dependence on oil. Between 1962 and 1972 West European oil consumption rose as a percentage of total energy consumption from 37.5 per cent, to 59.6 per cent, and 99 per cent of this oil came from outside the region, 79.5 per cent of the total from the Middle East and North Africa.[7] But this increased dependence had not produced any Community policy for oil. The combined Commission of the three Communities produced a report on energy policy in December 1968 which accepted the

position of oil and made only very modest proposals for action in the field.[8] It wanted to intervene only to ensure a free market, to provide for action in the event of disruptions of supply, and to promote the development of alternative fuels. Even these limited proposals were not accepted by the Council of Ministers, where there was a general complacency about the ability of the oil companies to keep plentiful supplies of cheap oil flowing, and where the Dutch government, influenced by Shell, resisted any suggestion of interference in the market.

Once the United Kingdom joined the EC the voice of the oil companies against intervention became much louder. The Commission produced new proposals in 1973, prior to the large OPEC increases which came in December, because there were already difficulties in the oil market.[9] The United States was experiencing fuel shortages, and seemed poised to end restrictions on imported oil. This would have added to the demand which, as a result of coordinated recovery from the 1971 economic downturn, was already pushing up prices on the Rotterdam spot market to record levels. The Commission suggested that internal price controls should be instituted by the EC, and that an attempt should be made to limit dependence on imported oil. The Dutch and British reacted predictably, and their rejection of EC intervention was reinforced by the West Germans, who objected on principle to public intervention in market operations, and by the Danes who distrusted the motives of the Commission. The French also distrusted the Commission, and although there was no need for them to veto the price-control proposals because others beat them to it, France was the main barrier to the Commission being allowed to negotiate with the oil producing states, and with the United States, on behalf of the EC as a whole. Not only would this have implied an increase in the influence of the Commission, it might also have compromised French foreign policy towards both the Third World and the United States, something which Pompidou could not risk. So the 1973 price rises, and the subsequent energy crisis, hit a Community that was totally unprepared to make a unified response.

THE ENERGY CRISIS AND AFTER

When the crisis came the member states of the EC responded in nationalist manner, adopting an attitude of *sauve qui peut*. When the Arab oil-producing states, in an attempt to pressure Israel through its allies to withdraw from occupied territory, implemented a boycott against Israeli supporters, including The Netherlands, the rest of the EC states abandoned the Dutch publicly, although some sharing of oil went on surreptitiously, organized by the oil companies. France and Britain in particular rushed to conclude bilateral deals with the Arab states, ignoring any action through Community channels.

In December 1973 the Commission submitted proposals on measures to be taken in a crisis directly to the Copenhagen meeting of the European Council.[10] The Heads of Government referred them to the Council of Ministers (Energy) where they ran into opposition from the British. The Conservative government insisted that oilsharing could be organized most effectively by the oil companies, as they had demonstrated in the recent crisis, and that Community measures were therefore unnecessary and inappropriate. It was an attitude which showed the strength of the influence of the oil companies over the British government, but also a jealous determination to reserve a national asset, North Sea oil, for national use. Although Britain's economic position, as a peripheral economy within the EC struggling to bridge the gap between itself and its stronger partners, makes such an attitude understandable, it annoyed the West Germans tremendously, and

led to their refusal to sanction the setting up of a European Regional Development Fund, one of the main objectives of the Heath government. In return the British blocked any further discussion of a common energy policy, as Anglo-German relations reached their lowest point since the end of the war.

Following the December 1973 OPEC price rises the position became even more complicated, because of initiatives taken by the United States. In February 1974 the United States staged an 'energy conference' in Washington, but it only involved the oil-consuming states. Secretary of State Kissinger here outlined a scheme for a consumers' cartel, to counter the producers' cartel by organizing oil-sharing arrangements, joint research on alternative energy resources, and concerted responses to any future attempts to introduce large price increases. Eight of the EC member states accepted this US lead and signed the final communiqud of the conference: France did not. In line with Gaullist foreign policy objectives, the Pompidou government refused to follow the United States and objected to what it described as the aggressive approach to OPEC. When the signatories of the communiqud went on to form the International Energy Agency (IEA), the envisaged consumers' cartel, France refused to join. This produced a split within the Community which made an energy policy impossible to achieve. France resisted attempts by the Commission to involve her in oilsharing and research activities which had originated in the IEA. The Commission tried to do this by making proposals to the EC Council of Ministers which paralleled the IEA agreements. But France insisted that these were not genuine Community measures, and adopted a pose of Communitarian virtue which did not go down well with the other member states, though it was popular within France.

It was this confrontation between France and her partners over energy that Giscard d'Estaing inherited from Pompidou when he became President. He could not reverse a policy that had widespread political support, but he did attempt to reconcile the French and US positions by means of an international conference on energy, to be held in Paris and to include the oil producers as well as the oil consumers. In calling this conference Giscard took advantage of dissension within the IEA, which meant that the United States had temporarily lost the initiative. The dissension was over an American proposal for a minimum selling price (MSP) for oil of $7 per barrel; its purpose was to ensure that a sudden drop in the price of oil did not destroy attempts to develop alternative energy sources; but it was supported only by the two other oil producers within the IEA, Norway and Britain. This dispute was soon to appear within the EC itself, but in the meantime it took the momentum out of the IEA and allowed Giscard's Paris conference to get off the ground.

At the insistence of the oil producers, the conference was widened to include the non-oil-producing Third World states, and to cover food and commodity trade generally rather than just energy. In this context there was a strong case for the Community to be jointly represented by a combined Commission-Council delegation. In an attempt to improve France's relations with her EC partners, Giscard was prepared to accept this approach. Unfortunately, Britain, now under a Labour government which was renegotiating its terms of entry to the EC, with a Prime Minister who was under pressure from anti-Community and nationalist elements in his party, was not. The December 1975 European Council meeting in Dublin was dominated by a row between Harold Wilson and his fellow Heads of Government over the British demand that, as the only oil producer in the EC, Britain should be allowed separate representation from the rest of the EC. In the end the

issue was compromised, with Britain accepting joint Community representation provided that its delegate within the joint representation would be given the opportunity to speak on issues related to oil. In return France agreed to consider the possibility of a Community MSP for oil.

The North-South dialogue, as it came to be known, was thus able to get under way, with the Community speaking with one voice for most of the time. But in March 1976 France announced at a meeting of the EC's Council of Energy Ministers that it had considered the MSP proposal and had decided that it was not acceptable. By this time the British Secretary of State for energy was Tony Bern, newly demoted from the Department of Industry. His reaction, conditioned by his basically anti-EC reflexes, was to accuse the French of cheating, and he kept on accusing them of cheating, and blocking any further discussion of Community co-operation on energy, until June 1977. By that time it was apparent that the price of oil was never going to fall below the $7 per barrel minimum price for which the British had been arguing, so the demand was dropped, but only in return for agreement by the other member states that the Joint European Torus, the Euratom research programme on nuclear fusion which was about all that was left of joint nuclear research under Euratom, would be sited at Culham in Oxfordshire, bringing some 300 jobs and considerable technological expertise to the United Kingdom.

Britain nevertheless remained the major obstacle to any progress on a common Community energy policy. In October 1977 Britain refused to accept proposals for emergency measures to be used in the event of a supply crisis, unless it had the right to veto any moves that it judged to be against British national interests. At the same time a Commission plan for a reduction in refinery capacity, which had grown during the oil-boom years to a level that was now excessive, as recession and the switch to alternative sources of energy reduced demand, was opposed by Britain on the grounds that it wished to have complete freedom to develop its own refinery capacity in connection with North Sea oil production. And in October 1978 Britain rejected a plan for Community funds to be invested in joint exploration for oil within the member states, even though Britain would have benefited considerably, unless the scheme involved no increase in Community control over any oil or gas which might be discovered. Since the other member states could not countenance financing the increase in British resources without any guarantee of sharing in the benefits, the proposal made no further progress.

Nobody could suspect Tony Benn of being in the pockets of the oil companies, a suspicion that had attached to some of his predecessors. But Benn was committed to the Labour Party's national strategy for economic recovery, and he was generally hostile to the EC. That that was not the entire explanation for his attitude, though, is indicated by the continuity in British policy after the change of government in 1979. Essentially what was at stake was a non-renewable resource that fortune had sent to a country that had had its fair share of misfortune since the war. North Sea oil was seen by both Labour and Conservatives as a means of bringing about British economic recovery. Though the paths that they mapped to that economic recovery were very different, and the role of oil very different, both were determined that a national resource should remain a national resource, and should not be shared with those West European states that had had better fortune until then, even if those states were Britain's partners in what was supposed to be a co-operative enterprise for mutual benefit. The issue of oil clarified the extent to which the Community partners were nevertheless economic competitors. In the absence of any counter-

benefit that the other states could offer to Britain to encourage her to share her natural resource, it would remain a competitive advantage.

ENERGY POLICY IN THE 1980s

In the wake of the Iranian revolution and the second oil shock, the November 1979 meeting of the European Council in Dublin asserted that 'the Community must now develop a more effective energy policy'.[11] Yet, again, no progress was made towards such a policy. By the mid-1980s, reflecting the easing of the situation, the issue had once again dropped out of sight, and energy was not even mentioned in the Single European Act.

Despite this omission, the Commission argued that the differing costs of energy to producers in different member states was a serious distortion of competition that would have to be eliminated in order to create a genuine single market. In 1989 it calculated that the introduction of EC-wide competition into the energy-supply industry could lead by the end of the century to generating costs 16 per cent lower than were available under the existing system of separate national suppliers.[12]

Already in 1988 the Commission had revealed proposals to end national restrictions on the purchase of electricity and gas from other member states; and to oblige suppliers of energy to publish the basis on which they set prices, and eventually to harmonize the methods they used to calculate costs in order to achieve transparency of pricing.[13] The latter proposals were designed to allow the Commission to use in the energy sector its general powers against state aids to industry.

France, which by this time had an extensive network of nuclear power stations producing abundant supplies of relatively cheap electricity, welcomed the proposals without reservation. The British government, with its free-market orientation, welcomed them in principle, but had reservations concerning the effect on the privatization of the British electricity-supply industry, which was scheduled to take place in 1990, and also about the motives of the Commission, which it had long suspected of wanting to use the adoption of a common energy policy as a step towards European political unity. Portugal, which had inadequate generating capacity of its own and was obliged to buy electricity from Spain because no other source was available, also welcomed the proposals.

Against this, there were considerable national objections. Spain was opposed to opening its grid to non-national suppliers because it stood to lose to France its lucrative market in Portugal. West Germany, for political reasons, was anxious to protect its coal-fired power stations from cheap French electricity. The Bonn government also opposed having to supply Brussels with information on the special tariffs that were negotiated with leading industrial customers on the grounds that it contravened Federal laws on commercial secrecy. Greece and Ireland were unwilling to deregulate without help from the EC to improve their own supplies. Denmark wanted environmental safeguards for the deregulated supply industry, and encouragement for alternative sources of supply.[14]

The Commission's proposals did include help for Greece and Ireland, which had no energy-supply link to the main land mass of the EC; and proposals for common rules on environmental

safeguards. But the criss-crossing pattern of vested interests and political objectives indicates admirably why energy had proved to be such a difficult sector in which to achieve a common policy.

CONCLUSIONS

While it might be argued that spillover occurred in the transition from the ECSC to the EEC, spillover had not worked within the energy sector by the end of the 1980s. There had been no spillover from coal and steel or atomic energy to other parts of the energy sector; nor had the spillover from coal to the general common market spilled back into the energy sector to produce a coherent common energy policy.

Part of the explanation for this failure lies in the direction taken by the High Authority of the ECSC. Instead of adopting a *dirigiste* approach to the regulation of the supply and consumption of coal, which would have required other sources of energy to be drawn into the planning exercise, it followed the route of deregulation. Creating a free market in coal produced benefits that pointed the way to the general common market, but set up no momentum for other sources of energy to be brought under supranational control.

Although the deregulation of the market for coal produced economic benefits, the inability of national governments to control the incidence of the closure of mines had political consequences that were a warning to those governments to be cautious about allowing too much market deregulation in other sectors once the rapid expansion of the 1950s and 1960s turned to stagnation in the 1970s. Coal (together with steel) was also one of the first industries in which governments became adept at finding ways of providing a degree of national protection that circumvented Community rules.

Euratom was a second attempt to centralize regulation of the supply of energy, but it foundered on the commercial rivalry of the member states. The balance of advantage from a European programme of nuclear research and development was too heavily weighted in favour of France, the only member state that had an indigenous programme of research and development up and running before Euratom was created. Indeed, Euratom was probably only accepted because it was part of the price that France insisted upon in return for agreeing to the EEC.

Vested interests were very important in blocking further steps towards a common energy policy, especially the interest of the oil companies in avoiding Community regulation, which was given a voice in the Council of Ministers by the Dutch and British governments. Even when Labour ministers who were not sympathetic to the oil companies were in office in Britain, the desire to keep North Sea oil as a purely national asset led them to oppose a common Community policy.

Other vested interests that worked against a common energy policy were those of the national suppliers of electricity, which in most of the member states were in public ownership. Only in France, with its excess generating capacity and its relatively cheap nuclear power, was there strong pressure for deregulation of electricity supply.

External influences did not help to push the EC nearer to a common policy. The 1973 and 1979 oil crises led to urgent demands for a common policy from those states that were most vulnerable, but

these demands were resisted by the states that felt themselves to be better placed, and particularly by Britain which had its own oil. The action of the United States in creating the IEA to confront OPEC led to a further division within the EC, France refusing to join an organization dominated by the United States, and acting as the champion of the Third World with which it had good trading relations.

By the late 1980s, though, it could be argued that both spillover and external influences were pushing the EC at last towards a common energy policy. Spillover came from the drive to create a genuine internal market with a 'level playing field' of competition for all producers in whatever member state they were situated. In the case of energy the spillover pressure came from the Commission's insistence that the level playing field of competition could not exist without a common energy policy. External influence came from the need to make Community industries competitive in world terms. The strongest argument of the Commission in pushing for a common policy based on deregulation was that it would reduce the cost of energy significantly.

Yet at the end of the 1980s the pressures from these two sources still had to overcome the inertia of vested economic and political interests against a common policy.

ABBREVIATIONS

ACP	African, Caribbean, and Pacific states
CAP	Common Agricultural Policy
CD	Centre Democrate
CEDEFOP	European Centre for the Development of Vocation Training
CIA	Central Intelligence Agency
CNPF	Conseil National du Patrona Francais
COCOM	Co-Committee of NATO (to monitor trade with the East)
COPA	Committee of Professional Agricultural Organizations in the EC
COREPER	Committee of Permanent Representatives
CSU	Christian Social Union
EC	European Community
ECSC	European Coal and Steel Community
Ecu	European currency unit
EDC	European Defence Community
EEC	European Economic Community
EFTA	European Free Trade Association
EMF	European Monetary Fund
EMS	European Monetary System
EMU	Ecomomic and Monetary Union
EP	European Parliament
EPC	European political co-operation
ERDF	European Regional Development Fund
ETUC	European Trade Union Confederation
EUA	European Unit of Account
Euratom	European Atomic Energy Community
EUREKA	European Research Co-ordination Agency
FDP	Free Democrat Party
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
IEA	International Energy Agency
IMF	International Monetary Fund
MCA	Monetary compensatory amount
MEP	Member of the European Parliament
MRP	Mouvement Républicain Populaire
MSP	Minimum selling price
NATO	North Atlantic Treaty Organization
NIC	Newly industrializing country
NPD	Nazionaldemokratische Partei Deutschlands
OECD	Organization for Economic Co-operation and Development
OPEC	Organization of Petroleum Exporting Countries
RPF	Rassemblement du Peuple Francais
RPR	Rassemblement pour la République
SDI	Strategic Defense Initiative
SDP	Social Democratic Party
SPD	Sozialdemokratische Partei Deutschlands
UDF	Union pour la Democratie Francaise
UN ECE	United Nations Economic Commission for Europe
UNICE	Union of Industries in the European Community

Notes for Case Study 3

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Case Study 4: Guidelines for Reform in Telecommunications Regulation

Michael Boskin
PRESIDENT BUSH'S COUNCIL OF ECONOMIC ADVISERS*

Today, technological innovations are making competition feasible in areas where it was previously considered infeasible. For example, one company has announced that it will soon have the technology to deliver movies over existing telephone wires. Similarly, cable television companies have the capability to provide customers with telephone service on their lines. The full benefits of these opportunities will be lost if the government maintains a regulatory structure that restricts competition and preserves artificial industry boundaries.

THE CURRENT STRUCTURE OF TELECOMMUNICATIONS REGUIATION

The U.S. telecommunications industry is governed by Federal, State, and local regulatory agencies, with the Federal courts playing a special role. The FCC, the principal Federal regulatory agency governing telecommunications, is responsible for regulating interstate and international long-distance telephone services, managing non-Federal U.S. radio spectrum use, enforcing the rules applicable to the broadcasting industry, and establishing standards.

A complicating factor in the Federal regulatory structure is the 1982 court settlement of the Federal Government's antitrust case against AT&T. This settlement, or consent decree, governed the subsequent breakup of AT&T. Under the decree, AT&T was required to divest itself of its 22 local telephone companies, which were then formed into 7 independent companies known as Regional Bell Operating Companies (RBOCs), or "Baby Bells." Most importantly, the decree also placed limits on the products and services the RBOCs could produce. Although, some of these restrictions have been lifted, applications for interpretations of and waivers from the remaining restrictions have made the Federal courts a virtual second Federal regulator.

State regulatory commissions are responsible for regulating intrastate telephone services, but they also share their authority with Federal regulators because the same equipment is often used to provide both interstate and intrastate service. For example, the same telephone company switch that handles calls from San Francisco to Los Angeles may handle calls from San Francisco to Phoenix as well. But the first call is regulated by the State government and the second by the FCC. A system of rules and joint boards has been developed to help separate the Federal and State roles. The role of local government, on the other hand, has generally focused on franchising cable television service. The local government's role in cable television mute regulation will be expanded by new legislation, an issue discussed in `detail below.

* This is an excerpt from the Economic Report of the President (Washington, DC: Government Printing Office, 1993).

THE TRANSITION TO COMPETITION

One primary justification for limiting competition in the telecommunications industry has been the belief that certain markets are served by "natural monopolies," or single suppliers that can meet consumer needs more efficiently than multiple suppliers, often with appropriate regulation of prices and the number of competitors. A classic example is the costly duplication of facilities that would result from having competing electric utilities within the same geographic area. Based on the natural monopoly rationale, cable television services and local telephone services are provided by a single company in most communities.

But monopoly franchising and rate regulation can also have drawbacks. Protecting a monopoly may prevent potential competitors from implementing technologies that do not share the cost characteristics of a natural monopoly. For many years, regulators considered long-distance telephone service a natural monopoly, but the development of microwave technology allowed the provision of long-distance telephone service on a much smaller scale than had been previously possible. Almost 500 firms now provide long-distance services, ranging from those that serve a variety of customers on a national scale to those that target specialized business markets or operate on a much more limited geographic basis. New transmission technologies may achieve similar results in other markets that have been characterized as natural monopolies, such as cable television and local telephone service. In fact, government regulation, and not economic factors, may be the real bar to competition in those markets.

Competition drives firms to innovate and provide new services. In many telecommunications markets, competition is superior to continuing rate regulation and monopoly franchises, because competition can lower prices and increase the diversity of available services.

PROTECTING CONSUMERS IN THE TRANSITION

Markets in which competition has been precluded by government regulation cannot become competitive overnight. For example, providing local telephone service requires significant capital expenditures for new companies. Immediate deregulation of rates would allow a monopolist to increase rates without fear of an immediate response from a competitor. As a result, where changing technology and removal of governmental regulation make it possible for a regulated monopoly market to evolve into a competitive market, consumers must be protected from temporary price increases during the transition to competition. As part of the transition, incentive regulation is being used to encourage regulated companies to operate more efficiently.

In many areas, regulation has been used to enforce a system of cross-subsidies that keep prices low for certain classes of users, such as residential and rural telephone subscribers (Box 6). During a transition period-or longer if the subsidies are justified-these cross-subsidies should be replaced by direct subsidies.

When deregulatory policies create partially deregulated firms or allow regulated firms to enter unregulated markets, additional safeguards may be necessary to protect consumers and competition. For example, telephone companies in States that use cost-of-service regulation to determine rates may inappropriately transfer costs, or "cross-subsidize," from the unregulated to the regulated sector, artificially inflating prices for telephone service, and under some circumstances, reducing competition in the unregulated markets. In such cases, safeguards are necessary to ensure that customers are not subsidizing company activities in unregulated markets. Safeguards are also necessary to ensure that telephone companies do not design or misuse the network in ways that discriminate against companies selling related but unregulated services.

BOX 6. IF DEREGULATION IS SO GREAT, WHY HAS MY PHONE BILL GONE UP?

When a telephone call is made across the country, a local phone company starts the call, a different local company completes the call, and a long-distance company carries the call between the two areas. Thus, the local phone network plays two roles: It provides phone service in a local area and access to long-distance service. Before 1984, AT&T, with its virtual monopoly over long-distance and local telephone service, carried nearly all phone calls. To determine the price of a long-distance call, Federal and State regulators had to allocate some of the costs of the local network to long-distance usage. With a higher share of the costs attributed to long-distance calling, long-distance prices would be higher and local service prices lower.

Political pressures resulted in a shift of costs to the long-distance operations of the telephone network, so that local rates were kept artificially low. This regulatory shift of costs resulted in prices that led to an inefficient use of the network. The cost of providing a customer access to a long-distance company is a fixed cost, unrelated to the number of long-distance minutes that are used. However, these fixed costs were reflected in the per-minute charge for service, a price that should only reflect the extra, or marginal cost, of providing the service. The higher long-distance rates resulting from this policy caused users to reduce long-distance calling and prompted the entry of other companies.

Realizing the problems arising from this pricing policy, the FCC began reform in the late 1970s. Instead of including the costs of access in long-distance prices, some access costs are now recovered through a fixed monthly subscriber line charge added to the local telephone bill. The FCC has been gradually shifting access costs for residential customers to the subscriber line charge since 1983. The monthly price for local telephone service increased 3.1 percent annually between 1983 and 1989 in real terms. For some, this increase has meant higher phone bills. But interstate long-distance prices declined 9.8 percent annually in the same period as a result of increased competition, the repricing of access, and technological improvements.

REFORMING TELECOMMUNICATIONS REGULATION

The transition from regulation to competition in telecommunications began over 20 years ago. Technological change, actions taken by the FCC, and the breakup of AT&T in 1984 have allowed many new firms to enter the telecommunications industry. For example, in 1970 AT&T's

manufacturing subsidiary, Western Electric, provided almost all of the company's equipment needs and the equipment used by its customers. FCC and court decisions to allow customers to use non-AT&T equipment and the separation of the RBOCs from the manufacturing subsidiary, coupled with rapid advances in electronics, created a competitive market for equipment. For instance, AT&T's U.S. market share of sales for private branch exchanges (telephone exchange equipment for use within businesses) fell from 80 percent in 1970 to 28 percent in 1989.

Many current regulations may continue to inhibit competition in the telecommunications industry, however. Even with safeguards in place, the RBOCs are limited in their ability to enter unregulated markets. Moreover, as discussed below, the cumbersome process by which the government manages the electromagnetic spectrum continues to slow the development of new technologies that could lead to greater competition in local telephone markets. Competition in local telephone markets could make regulatory safeguards unnecessary. Competition would make it unprofitable for telephone companies to discriminate against customers wanting to connect with a local network, because dissatisfied customers could simply switch to alternative networks. Similarly, competition would undermine attempts by one firm to use one business to cross-subsidize another.

The government decides not only which services the local telephone companies can provide but also which services cable operators and broadcasters can provide. For example, three television broadcast networks CBS, NBC, and ABC-have not been allowed to participate fully in the development, ownership, and syndication of programming for broadcast and cable television since 1970. At that time, the networks' over 90 percent share of the prime-time viewing audience created concern that the networks had excessive bargaining power over program producers, especially small independent producers. These financial interest and syndication rules are unnecessarily restrictive, given that the share of prime-time viewing the major networks command has fallen to 62 percent and that there are now a multiplicity of alternative broadcast outlets for program producers. Furthermore, an increasing fraction of program production is being done by a small number of large firms. Therefore, the rules should be eased to allow greater participation by networks to promote competition, while assuring that legitimately small independent producers are not subject to anticompetitive conduct. The FCC modified the rules slightly in 1991. A Federal Appeals Court, however, has questioned the manner in which the modified rules were devised and has sent the matter back to the FCC. The future of the rules remains uncertain.

While the goal of regulation has been to protect consumers, barring businesses from entering new markets may be reducing the incentive of firms to invest in new telecommunications technologies. Furthermore, policymaking in telecommunications is stymied because businesses protected from competition can use the political process to prevent entry by new competitors, while at the same time demanding freedom to enter other markets. To break this deadlock, protect consumers, and promote competition, reform of the current telecommunications regulatory policy is necessary.

MANAGING THE ELECTROMAGNETIC SPECTRUM

The electromagnetic spectrum is the foundation of many telecommunications services. Radio and television broadcasters, cellular telephone services, police and fire communications, air traffic

control, and taxi dispatchers all rely on the spectrum. Because the range of frequencies within which these services can be provided is limited, spectrum is a very valuable resource. The FCC, which is responsible for managing the portion of the spectrum not used by the Federal Government, determines which services will be allowed to use a given spectrum band (known as "allocating" the spectrum), and who will be assigned licenses for their use.

While the FCC has a legitimate role in defining the terms under which spectrum is used in order to prevent users from interfering with each other, it is not well-suited to judge whether, for example, paging systems have a higher social value than taxi dispatching. The current administrative process for determining how bands are used is slow and inflexible, constraining the introduction of new technologies and the development of competitive markets. Cellular telephone technology illustrates this problem. The spectrum allocation process began in 1968, yet the first commercial cellular license was not assigned until 1982. Also, the number of licenses is fixed, limiting competition to two cellular franchises in each local market.

Currently, the FCC typically assigns licenses to use a given service either after comparative hearings or by lottery. Comparative hearings are time consuming, trial-like procedures. Companies that place value on a license will naturally want the FCC to assign it to them. The result is large expenditures by applicants to acquire the license and a long delay before the license is assigned. The lottery system is also cumbersome, involving large numbers of applicants attempting to "win" a license. When an assignment is made, the chosen licensee often does not provide the service. Instead, licenses are frequently sold after the initial assignment. Since licenses are often sold to other users, the FCC could hold an auction for licenses, eliminating the current cumbersome process and generating revenue for the U.S. Treasury. The bidder attaching the greatest value to the spectrum license would receive it, and the step of holding lotteries or comparative hearings would be eliminated.

To permit more efficient use of the spectrum the FCC could allow the licenses it auctions not only to be resold, but also to be reassigned by the license holder for a different use. This approach would offer licensees the maximum flexibility in using the spectrum, subject only to prohibitions on interfering with other spectrum users. Flexibility in the use of the spectrum would also encourage users to develop technologies that conserve the amount of the spectrum used.

REMOVING ARTIFICIAL BARRIERS TO INNOVATION

Like the spectrum management system, the consent decree governing the breakup of AT&T limits innovation and competition in telecommunications markets. Among other things, the 1982 decree contained provisions that prevented the RBOCS from manufacturing telecommunications equipment, providing information services, and providing most long-distance services. The problems of cross-subsidization and discriminatory use of a monopoly network were two important reasons for initially limiting participation of the RBOCs in unregulated markets.

In 1991 a Federal court struck down the provision in the decree that barred the RBOCs from providing information services, allowing these companies to begin offering services such as message database services. Previously forced to act as conduits for other providers of information services, the RBCOs can now provide these services themselves. Because these companies have

developed expertise in communications networks and can take advantage of the efficiencies, or "economies of scope", that make it cheaper to provide multiple services over a single network than to have many specialized networks, they will increase competitions for information services.

The benefits of having competing services will be reduced, however, if the RBOCs limit competition by engaging in cross-subsidization or by denying other firms access to the local telephone network. These problems must be continuously monitored by Federal and State regulatory agencies. To reduce the concern about cross-subsidization and discrimination, the FCC has adopted rules governing cost allocation and rules that attempt to assure open access to various components of the local telephone network on a timely and non-discriminatory basis. IF problems arise, these rules may have to be strengthened even further. The rules will continue to be necessary until competition is fully developed in local telephone markets.

The RBOCs are still barred from manufacturing telephone equipment, a category the courts have interpreted as including related research and development. The ban effectively prevents seven of the largest U.S. telecommunications companies from developing innovative technologies and otherwise competing in this market. Supporters of the ban fear that the RBOCs will attempt either to transfer manufacturing costs to the regulated sector or to engage in "self-dealing" by selling equipment to their affiliated telephone companies at inflated prices, raising the costs for regulated telephone service and reducing competition in equipment manufacturing.

The FCC and many States have begun using incentive regulation that should help to alleviate these problems by making it more difficult for the RBOCs to pass added costs on to telephone ratepayers. Also, a competitive market for telecommunications equipment should provide competitors and regulators with adequate information on the market value of equipment, to allow them to monitor the self-dealing problem.

While the consent decree prevents the RBOCs from participating in certain businesses, the Cable Communications Policy Act of 1984 and related FCC regulations prevent local telephone companies from operating cable television systems (except in certain rural communities). This ban remains in place, even though virtually all communities with cable television have only one franchised operator, and average rates for the most popular basic cable service have increased 36.5 percent, in real terms, since 1986 when the act effectively barred regulation in most communities. Although this increase may be due in part to the growing number of channels available, it may also reflect the presence of market power.

The solution pursued in the Cable Television Consumer Protection and Competition Act of 1992 is to allow local governments to regulated prices for basic cable television service in almost all communities. Regulating prices, however, does not solve the underlying problem, which is a lack of competition. This approach also overestimates the ability of regulatory authorities to establish rates that approximate competitive prices. The danger is that in the attempt to regulate prices they will simultaneously diminish the variety and quality of cable programming.

The preferred alternative is to promote competition that lowers prices and provides alternative sources of television programming. Having already invested in some of the fixed plant necessary to provide video services telephone companies are the most likely competitors for incumbent cable

operators. The FCC “video dial tone” policy, adopted in July 1992, allows local telephone companies to act as conduits for carrying television and other video services by other companies. *Legislation is needed, however, to remove the provisions in the 1984 Cable Act that prevent telephone companies from actually becoming full participants in providing programming.* Such legislation may create an incentive for telephone companies to construct the infrastructure necessary for combining telephone video services. Whether there is a demand for the services that such an infrastructure can provide will not be known until the barriers to competition are removed.

COMPETITION IN LOCAL TELEPHONE SERVICES

State regulators have begun to approve competition from alternative local service providers that typically provide private fiber optic links between long-distance telephone companies and large businesses. In 1989, the New York Public Service Commission ordered New York Telephone to interconnect with alternative local service providers. The FCC recently modified its rules to allow these providers to interconnect their private lines with the interstate facilities of local telephone companies. The policy of expanded interconnection increases the possibility of competition for large customers. It recognizes that residential customers may be served by a regulated monopoly for the near future, but is laying the groundwork for competition even in residential markets.

Technological changes suggest that competition can develop in the local telecommunications market. Many businesses have already switched to private networks for intracompany calls. Expanding wireless technologies, such as that for cellular telephone service, do not necessarily have the characteristics of a natural monopoly and represent potential competition for local telephone companies. Competition for local telephone service would be further enhanced if cable television companies were permitted to provide telephone service.

An important factor affecting competition in the future is the policy of "universal service"-access for all residential users to a basic level of telephone service at affordable rates. This policy has been motivated by both equity concerns and the understanding that each telephone user benefits from being connected to as many people as possible. To make telephone service universal, basic services are often priced lower than the cost of providing the service. Other services, such as touchtone or call waiting, are priced somewhat higher than costs to compensate for losses on the underpriced basic services. Residential customers are usually the recipients of these "subsidized" services.

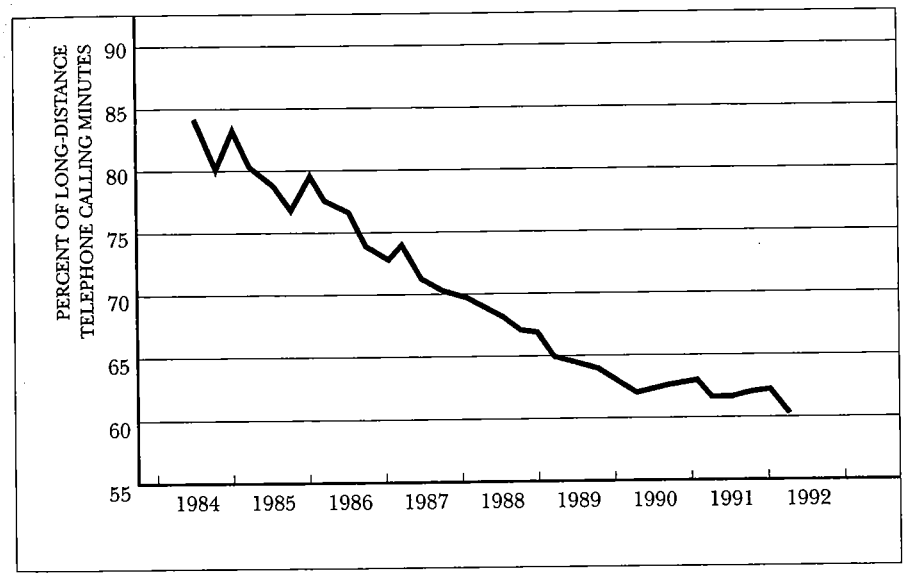
One problem with this system of cross-subsidies is that companies-even those less efficient than the regulated incumbent-may be able to undercut the regulated price and still earn a profit. If the regulated monopolist cannot adjust its prices in response to this competition, the inefficient companies will remain in business. This pricing policy could ultimately cause many of the monopoly's customers to switch to the new entrants, meaning that rates for some of the subsidized services would have to be increased.

If regulated carriers are not permitted to respond to competition, they may find that their rates do not cover the costs of providing service to their remaining customers-most likely small businesses and residential customers. Restricting competition is not the answer to the problem, however.

The best way to avoid the perverse results cross-subsidies can create is to give the regulated companies greater freedom to respond to competitive entry. Doing so will discourage entry by inefficient competitors and only efficient competitors will survive. Any perceived need for subsidies can be -achieved directly-for example, by charging all interconnecting companies a fee that supports universal service and targeting the subsidy to the groups that need it.

COMPETITION IN LONG-DISTANCE SERVICES

In a series of decisions that began in the 1970s, the FCC and the courts have opened the long-distance markets to competition. Chart 5 shows that since its breakup in 1984, AT&T's market share of long-distance calling minutes has fallen from 84 percent to 60 percent. The FCC estimates that some 480 firms currently provide interstate long-distance services, while over 90 percent of all telephone customers now have equal access to multiple long-distance providers. Customers have shown a willingness to respond to competitive service offerings: Approximately 15 percent of all residential customers switched to a new long-distance carrier in 1991.



Except for AT&T, the FCC does not regulate the rates of interstate long distance companies. To promote the efficiency of rate regulation while still protecting consumers, the FCC introduced price cap regulation for AT&T in 1989 and for the interstate services of local telephone companies in 1991. Several States have also introduced incentive regulation for intrastate services. In 1991, increasing competition led the FCC to eliminate price cap regulation for AT&T's large business services.

Price cap regulation is still in place for AT&T's residential, small business, and 800 number services. For these services AT&T must give the FCC at least 45 days notice before it can offer new services or prices. The ability of most long-distance customers to easily switch among long-distance companies that provide similar geographic coverage and service quality suggests that the FCC should consider relaxing the constraints of price cap regulation on AT&T. However, some

form of regulation would still be appropriate for communities that do not have a competitive long-distance market.

SUMMARY

- Government policies that protect consumers while allowing firms to compete in new lines of business will promote an advanced telecommunications infrastructure.

- The current system for allocating the electromagnetic spectrum hampers the development and implementation of new technologies that could create competition for existing monopoly service providers such as cable television and local telephone service.

- Because competition in long-distance telephone service is increasing, some of the remaining regulations governing AT&T could be relaxed.

QUESTIONS FOR ANALYSIS

1. Why has the telephone industry been regulated by the federal and state governments? What are the benefits of such regulation?

2. What are the drawbacks of regulation of the telephone industry? What would be the benefits of deregulation?

3. According to Vice President Gore, the investment required to build the information superhighway should be made by the private sector of the economy. Why shouldn't the government supply the funds? Don't the benefits extend to the entire nation?

4. Mr. Gore proposes that the responsibility for designing specific measures to carry out government's aims be delegated to the Federal Communications Commission. Why should the Federal Communications Commission, or any other federal agency, be involved? Why not let free enterprise alone in this area?

5. According to the Vice President, "We must work to ensure that no geographic region of the United States, rural or urban, is left without access to broadband, interactive service." Why? Doesn't this depend on the costs involved?

6. Is the information superhighway a natural monopoly? Why or why not? In formulating public policy, what difference does it make whether the information superhighway is a natural monopoly?

7. Chart 5 shows that AT&T's market share has decreased from about 85 percent in 1984 to about 60 percent in 1992. Why did this occur? Does this trend imply that it will not be long

before the market for long-distance telephone service is perfectly competitive? Why or why not?

8. According to President Bush's Council of Economic Advisers, "Competition drives firms to innovate and provide new services. In many telecommunications markets, competition is superior to continuing rate regulation and monopoly franchises.....” Why did President Bush's Council of Economic Advisers believe this to be true? Do you agree? Why or why not?

9. President Bush's Council of Economic Advisers favored an auction for licenses, rather than comparative hearings or a lottery, as a means of allocating the electromagnetic spectrum. What are the advantages of an auction, according to President Bush's Council of Economic Advisers? Do you agree that auctions are best for this purpose? Why or why not?

10. The number of firms in the defense industry has declined in recent years. Why has the number of firms in the telephone industry increased while the number of firms in the defense industry decreased? Is this because of shifts in demand? Is it due to technological change? If an increase in the number of telephone firms is healthy for the economy, can a decrease in the number of defense firms be healthy as well? Why or why not?

Case Study 5: Union Carbide – Chemical Dangers

R.A. Buchholz, W.D. Evans and R.A. Wagley

During the evening of Sunday, December 2, 1984, an incident happened in Bhopal, India, that has been called the worst industrial accident in history. The first sign that something was wrong came shortly before midnight when a worker at the Union Carbine pesticide plant on the outskirts of Bhopal (pop. 672,000) noticed that pressure was building up in a tank that contained 45 tons of methyl isocyanate (MIC), a deadly chemical used to make pesticides. Pressure in the tank continued to build until sometime after midnight when the highly volatile and highly toxic MIC began to escape from the tank into the surrounding atmosphere. The escaping gas overwhelmed inadequate and reportedly out-of-commission safety backup systems and spread in a foglike cloud over a large and highly populated area close to the plant.

The cloud first passed over the shantytowns of Jaiparakash and Chola, just outside the walls of the plant, and then quickly enveloped the city's railway station. From there the cloud spread noiselessly across a 25-square-mile area of the city. Apparently the night air at that time was fairly cool, the wind was calm, and a heavy mist clung to the ground. These conditions prevented the gas from dissipating as it would have done during the day. Thus the cloud continued to move across the city (Figure 5.1) spreading death and injury in its wake.[1]

Early reports indicated that twenty-five hundred people had died and at least another thousand were expected to die within a two-week period. Some one hundred fifty thousand people were said to have been treated at hospitals and clinics in Bhopal and surrounding communities. Most of the deaths were caused by the lungs filling up with fluid, causing the equivalent of death by drowning. Other people suffered heart attacks. Some of the survivors were permanently blinded; others suffered serious lesions in their nasal and bronchial passages. Doctors also noticed concussions, paralysis, and signs of epilepsy. Six days after the accident it was reported that patients were still arriving at Hamidid Hospital in Bhopal at the rate of one per minute, many of them doubling over with racking coughs, gasping for breath, or convulsing with violent spasms.[2]

Almost four months later there was still a great deal of dispute about the exact number of victims that were killed and injured by the cloud. The chief lawyer for Union Carbide said that the number of victims had been significantly exaggerated by the Indian government and by American lawyers. The Indian government said that the recorded death toll was approximately one thousand seven hundred persons with as many as two hundred thousand persons physically injured. A number of public interest and medical groups in India estimated the death toll to be between ten thousand and thirty thousand people, contending that many of the victims were cremated or dumped into mass graves without any record ever being made.[3]

An accurate estimate of the number of victims was complicated by the large numbers of impoverished beggars and nomadic gypsies who were living in Bhopal at the time and for whom no records existed. Nonetheless the company only accepted the 1,408 deaths that were actually recorded at Bhopal hospitals and believed that the true number of injuries was a small fraction of

the 200,000 figure used by the government of India. Many of the injuries that were reported were believed to be only minor ailments, such as temporary nausea and eye irritations.[4] No matter what the final figures turn out to be, however, the disaster was of significant proportions.

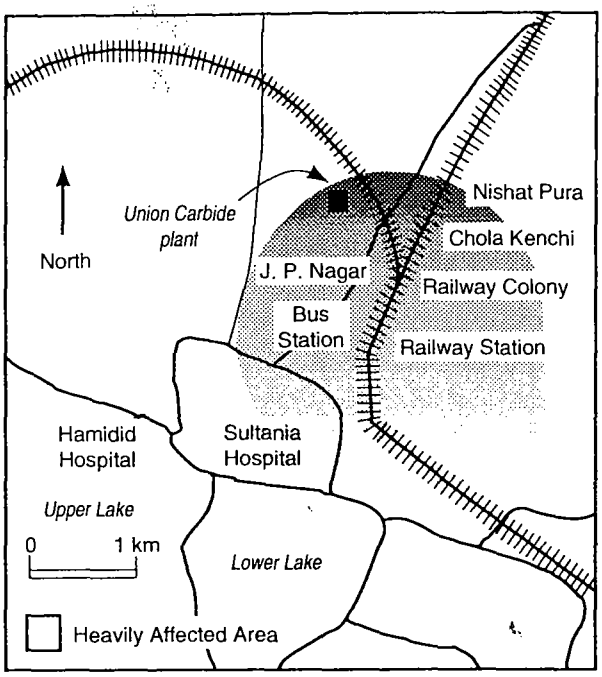


Figure 5.1 Escaping Gas Blanketed Much of Bhopal

Source: Reprinted with permission from Wil Lepkowski, "People of India Struggle Toward Appropriate Response to Tragedy " Chemical and Engineering *News 63, no. 6 (February 11, 1985), p. 16. Copyright © 1985 American Chemical Society.*

The disaster prompted the chairperson of Union Carbide, Warren M. Anderson, to fly to Bhopal soon after the tragedy happened. When he arrived in India, he and two officials of the company's Indian subsidiary were arrested and charged with "negligence and criminal corporate liability" and "criminal conspiracy." Under Indian law these charges carried a maximum penalty of death. Instead of being taken to prison, however, the three executives were detained at the company's Bhopal guesthouse. After more than six hours Anderson was released on $2,500 bond and flown to New Delhi while his colleagues remained in custody.[5]

THE PRODUCT

Methyl isocyanate (MIC) is a colorless chemical compound used by Union Carbide as an ingredient in the production of relatively toxic pesticides known as Sevin and Temik. Isocyanates in general are reactive and resemble aldehydes and ketones in their propensity to undergo additional reactions with a variety of compounds containing active hydrogen atoms. This reactivity makes isocyanates useful as chemical intermediates but tricky to handle. Three isocyanates are of commercial importance: MIC, toluene diisocyanate (TDI), and 4,4'-diphenylmethane diisocyanate (MDI).

All three isocyanates are flammable as well as reactive, and all three are toxic and thus must be treated with respect. But MDI and TDI are essentially nonvolatile, while MIC is highly volatile. It boils at 39.1 degrees Centigrade, and although the liquid is a little lighter than water, the vapor is about twice as heavy as air and if released tends to stay close to the ground. As noted, MIC will react with many compounds including water. At room temperature the MIC-water reaction starts slowly, but the reaction produces heat, and if the reaction continues long enough, the MIC will start to boil violently and build up pressure. Similar reactions can occur with other substances and even with MIC reacting with itself.[7]

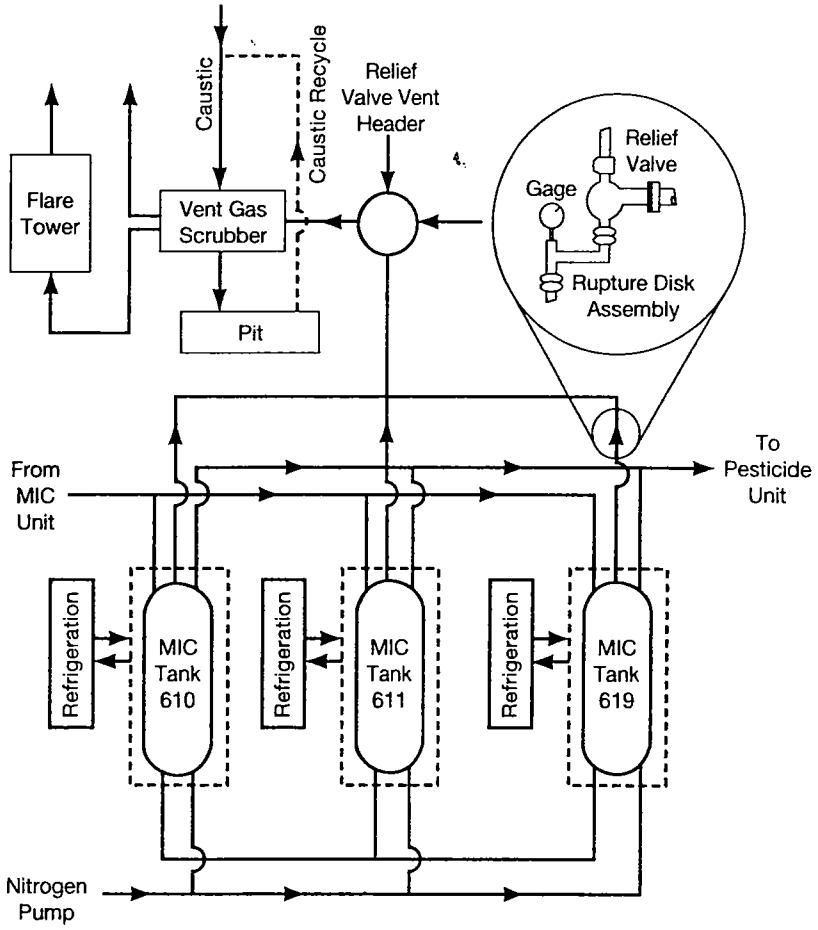
Because of its hazardous properties, great precautions were taken in handling and storing the chemical. At the Bhopal facility MIC was stored in three double-walled stainless steel tanks buried mostly underground to limit leakage and shield them from outside air temperatures. These tanks were refrigerated to keep the highly volatile gas in liquid form, and the tanks were equipped with thermostats, valves, and other devices to warn when the temperature of the chemical exceeded the boiling point. The Bhopal plant had two safety devices that were supposed to operate automatically in case a tank ruptured and the gas started escaping. The first was a scrubber that would neutralize the highly reactive gas by treating it with caustic soda. If the scrubber failed to do its job sufficiently, another mechanism was supposed to ignite the gas and burn if off in the air harmlessly before the gas could do much damage (Figure 5.2).[8]

In addition to using MIC for its own products, Carbide was the sole supplier of MIC to other companies that used it to make their own carbamate pesticides. DuPont, for example, used MIC to make its own brand of methomyl called Lannate. FMC used MIC to make carbofuran, which is marketed by FMC and also by Mobay under the name Furadan. At the Bhopal facility, however, all the MIC was for use by the company for its own products. Relatively large amounts of MIC were kept on hand so that interruptions in MIC production would not affect carbayl production.[9]

One of the disturbing aspects of the disaster was that not much was known about the toxic effects of MIC, especially its long-term effects. Because MIC's physical, chemical, and biological properties had made it troublesome and unpleasant to work with, researchers have shied away from experimenting with it, and as a result studies of MIC's effects on animals have been skimpy. One government official commented that “really good toxicological data on MIC are nonexistent in the open literature.” Despite these difficulties some basic data have been gathered on MIC's toxicity in different species via different routes. Based on this information the American Conference of Governmental Industrial Hygienists recommended that exposure to MIC in the workplace be limited to 0.02 parts per million (ppm) averaged during an eight-hour work shift. [10]

Isocyanates have long been known to attack the respiratory system, eyes, and skin. They can injure the lungs and bronchial airways and cause permanent eye damage. Many of the Bhopal survivors were found to have impaired lung functions, and many doctors believed that the survivors would continue to suffer from emphysema, asthma, or bronchitis. However most of the eye damage appeared to be temporary, as were the skin problems. Some studies indicated that many of the biological effects of exposure to isocyanates appeared to be reversible. But much uncertainty still existed. Only time will tell if the survivors of the Bhopal tragedy will recover fully from exposure to the substance.[11]

Figure 5.2 Diagram of Tank Assembly



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There is one positive note regarding MIC-it does not appear to be a carcinogen. MIC was screened for mutagenicity about two years before the Bhopal incident by the National Toxicology Program. Because MIC was tested in the well-known assay and found not to cause mutations, it was not tested further for carcinogenic potential.[12] However there was concern about women who were pregnant at the time of the disaster. The Indian press reported isolated incidents of malformed babies allegedly born to gas victims at the time of the incident, but experts said that unborn babies were most susceptible to toxic damage during the first three months of pregnancy, which ruled out babies born during the incident itself. About three thousand pregnant women were being monitored for birth defects. [13]

THE COMPANY

Headquartered in Danbury, Connecticut, Union Carbide is a multinational corporate giant with 99,000 employees working in 700 factories, mills, labs, and other facilities in about thirty-five countries. Its $9 billion sales in 1983 were down from a peak of $10.17 billion in 1981 and came from a diversity of industrial and consumer products. Many of Union Carbide's products are familiar names such as Prestone antifreeze, Glad bags, and Eveready batteries. But the company's best customers are other businesses. Such industrial products include polyethylene, industrial gases such as argon and acetylene, and other products that bear unmemorable technical labels of which methyl isocyanate has become a historic exception.[14] These industrial products accounted for 79 percent of sales in 1983.[15]

Many observers believed the company took environmental concerns very seriously. In 1977 Russell Train, the highly visible and respected former administrator of the Environmental Protection Agency (EPA), was elected a director of Union Carbide. Even before he joined the board, Union Carbide had commissioned a study on how to respond to environmental problems and had established the corporate Department of Health, Safety, and Environmental Affairs. A study by the Council on Economic Priorities rated the company first among the nation's eight largest chemical companies in terms of its compliance with Occupational Safety and Health Administration (OSHA) standards between 1972 and 1979.[16]

Union Carbide was first incorporated in India some 55 years ago when the company began manufacturing batteries. The Indian subsidiary was allowed to stay on after India won independence from Britain and was one of the few firms in India in which the parent company was permitted to hold a majority interest. Union Carbide owns 50.9 percent of the Bhopal facility. The Indian government has long favored Union Carbide because of its interests in developing sophisticated industry and in promoting the Green Revolution in agriculture. Pesticides are an important ingredient in this revolution, which is important to India because of its huge population, much of which is very poor by U.S. standards.[17]

The Bhopal plant was built in 1969 with approval from the local authorities and the blessing of the national government. The firm was exempted from a number of local taxes and even provided with water and electricity at concessional prices. When the plant was first built, it was located just outside the city limits in an open area, but by the time an expansion program got underway six years later, the area between the town and the plant was settled by squatters. Many of them were attracted by the roads and water lines that accompanied the plant. In 1975 the administrator of the municipal corporation asked that the plant be removed because of potential dangers to the people living nearby. Instead the administrator was removed from office and the plant remained. [18]

In July of 1984 the Department of the Environment in India announced strict guidelines banning the location of plants that produced such hazardous substances as gases, poisons, and explosives in areas where population growth was expected. But whether this ruling was supposed to apply to facilities already constructed was unclear. In any event the ruling ran counter to the desire of many local governments to attract industry.[19] As far as Union Carbide was concerned, the Bhopal plant was at best a marginal operation because of slumping demand for pesticides. Sales of products

from the plant dropped 23 percent in 1983 to $17 million, and the plant was operating at less than one-third of its capacity at the time of the accident.[20]

THE LEGAL ISSUES

The deadly cloud had hardly dissipated before lawyers became involved. Five American attorneys, including Melvin M. Belli, filed a class-action against Union Carbide on behalf of the victims that asked $15 billion in damages. The suit sought to represent all those who were injured or who lost relatives as a result of the disaster. The suit claimed that the corporation was negligent in designing the Bhopal plant and that the company failed to warn the area's residents about the dangers presented by the stored chemical. The suit charged that Union Carbide acted "willfully and wantonly" with utter disregard for the safety of Bhopal residents. This charge was partly based on the allegation that the Bhopal plant lacked a computerized early warning system that had been installed in the company's plant in Institute, West Virginia, which was supposedly identical to the Bhopal facility.[21]

The $15 billion in damages sought in this first suit was greater than the net worth of the company. With assets of $10 billion and 1983 sales of $9 billion, the company was the thirty-seventh largest U.S. industrial corporation and the third largest chemical manufacturer, after DuPont and Dow Chemical. One of the most critical problems faced by the company was whether the courts would conclude that it was negligent and therefore assess punitive as well as compensatory damages. Insurance policies do not normally cover punitive damages, which in the case of Union Carbide could amount to staggering sums of money that would overwhelm Carbide's ability to pay and perhaps force it to file for bankruptcy in order to protect itself against further lawsuits.[22]

One of the major issues to be settled in regard to this lawsuit (as well as others) was whether a U.S. court would be the proper place to hear the suit or whether the trial should take place in India. The company was expected to argue that the trial should take place where the accident happened and where the victims lived and worked. Because most of the witnesses and evidence would have to be moved from India to the United States for a trial, an Indian forum would be better. Critics were quick to point out that a settlement in India would be much better for the company. Courts in both countries would probably calculate compensation in much the same way by focusing on the value of lost earnings from death or injury. But given that an Indian foreman may earn less than $100 a month, the total value of such awards in India would be something the company could handle with its existing resources.[23]

The plaintiff's attorneys, on the other hand, argued that the case should be handled in U.S. courts. Their clients would have a better chance of quick and substantial relief in the United States than in the Indian courts, which were extremely slow in settling liability cases. U.S. courts also would operate according to the theory of strict liability under which it would have to be proved only that the company made or used the chemical involved in the disaster. Juries: were also considered to be more favorable to plaintiffs in the United States and likely to award greater amounts of money in both compensatory and punitive damages. (Juries in this country have awarded verdicts as high as $40 million for a single wrongful death, although such awards were usually reduced on appeal.) Finally the process of discovery or gathering of evidence tended to be more extensive in U.S. courts.[24]

Legal precedent was not clear in terms of where the trial should be held. In the 1982 case *Piper Aircraft v. Reyno* (495 U.S., 928, 1982), the U.S. Supreme Court ruled that the case, which involved the crash of a Piper-built airplane carrying Scottish citizens in Scotland, could not be moved to the United States but had to be tried in Scotland. However in another case involving Boeing and Lear Siegler, the federal district court for the western district of Washington agreed to hear the case, which concerned a 1978 air crash near Bombay.[25]

Another issue concerned the questions of the extent to which the parent company actually ran its subsidiary in Bhopal. If the parent company played a major role in the operation of the Bhopal facility, this could be taken as a reason for U.S. forum and would also increase the responsibility of the company for the disaster. The managers of the Bhopal facility reported to Union Carbide India Ltd. (UCIL) headquarters in Bombay, which reported to Union Carbide Eastern in Hong Kong, which reported to corporate headquarters in the United States. One of the six corporate executive vice-presidents of the parent company sat on the board of directors of UCIL, as did four Union Carbide Eastern executives.[26]

Just how closely linked UCIL was to corporate headquarters of the American plant at Institute, West Virginia, where MIC was also produced, will probably come out in the legal discovery process. In the meantime an affidavit filed by a man named Edward A. Munoz, former managing director of UCIL, reported a dispute between the parent company and the subsidiary in the early 1970s about the amount and method of storage of MIC at the Bhopal plant. According to the affidavit Carbide directed UCIL to install large storage tanks rather than smaller ones, which were believed to be safer.[27]

The number of personal injury suits against Carbide continued to rise, and eventually these suits were consolidated in one court, a step that would facilitate attempts to engineer a settlement. A judicial panel in New Orleans that dealt with multidistrict litigation decided to consolidate for pretrial purposes all Bhopal-related personal injury and death suits in the U.S. District Court for the Southern District in Manhattan. Eventually more than fifty lawsuits were involved in this consolidation. The pretrial conference began on April 16, 1985, with Judge John Keenan presiding. One of his first acts was to suggest that Union Carbide provide a "substantial amount" of money-in the range of $5 million to $10 million-toward "systematic emergency relief." Such payments, the judge said, would not entail an admission of guilt or liability on the company's part and could be credited against any future settlement or judgment.[28] Two days later Union Carbide agreed to finance a $5 million emergency aid program for victims of the Bhopal disaster. This $5 million was in addition to the $1 million the company had already donated to the Indian government.[29]

Meanwhile the Indian government got into the legal picture and further complicated matters. Carbide had been trying to work out a settlement with the government and according to some sources had offered the government an immediate $60 million and a further $180 million during the next thirty years as compensation for the victims of the disaster.[30] Whatever the amount was, it was rejected by the Indian government when it filed suit on April 8, 1985, in New York on its own behalf. The suit was filed for the Indian government by the Minneapolis law firm Robins, Zelle, Larson, and Kaplan, which had handled other large disasters, such as the MGM Grand Hotel fire in Las Vegas and the collapsed skywalk at the Kansas City Hyatt Regency Hotel.[31]

The suit charged that Union Carbide was liable for any and all damages arising from the poison gas leak, but because of the enormity of the disaster the government was not able to allege with particularity the amount of compensatory damages being sought. The suit also sought punitive damages "in an amount sufficient to deter Union Carbide and any other multinational corporation from the willful, malicious and wanton disregard of the rights and safety of the citizens of those countries in which they do business." The suit said that Union Carbide should be accountable for all damages because the company was a "monolithic multinational" corporation. "In reality, there is but one entity... which is responsible for the design, development and dissemination of information and technology worldwide," the suit alleged.[32]

The suit claimed that Union Carbide was negligent in designing and maintaining the Bhopal plant and that the company made false representations to the government about the plant's safety. According to the suit the company encouraged the storing of MIC in "dangerously large quantities"; failed to equip the storage tanks with alarm devices and temperature indicators; and did not provide "even basic information" about appropriate medical treatment for exposure to the chemical.[33]

The basis for the suit was the government's claim to represent all Bhopal victims under the legal doctrine of *parens patriae*, which held that a government could act on behalf of all its citizens much as a parent would act for a child. Another basis for the suit was an ordinance enacted by the Indian government that reserved for the government the right to oversee representation of the Bhopal victims and to distribute compensation. Some U.S. lawyers joined in a challenge to India regarding the constitutionality of the ordinance. Their petition to the Indian Supreme Court contended that the law deprived Bhopal victims of the right to choose their own counsel and also involved a conflict of interest because the Indian government itself would become a defendant in suits related to the Bhopal disaster.[34]

In March 1986 Union Carbide offered to pay $350 million to settle damage claims stemming from the Bhopal disaster. This agreement was made between the company and the court-appointed U.S. attorneys representing the victims. The $350 million would be paid out during a period of time and would eventually produce a fund of $500 to $600 million. The Minneapolis law firm representing the Indian government was not involved in the settlement.[35] This settlement plan was agreed to by plaintiffs' attorneys because they would be left empty-handed should Judge Keenan send the case to India. Nonetheless the Indian government opposed the plan and insisted that it would only agree to an amount that would fully and fairly compensate all the victims, thus casting doubt on whether the plan would ever be adopted.[36]

After failing in several efforts to settle the litigation, Judge Keenan finally did decide to send the case back to India where the accident happened. For the victims this decision seemed likely to mean more delay as the decision would undoubtedly be appealed. Although the company initially was pleased with this decision, several conditions imposed by the judge made the decision less than satisfactory for the company. As part of the decision Union Carbide had to agree to liberal American discovery rules in the trial and had to accept the Indian courts' jurisdiction over the corporation. The company also had to pay any judgment the Indian courts might render, thus removing an important layer of insulation between the parent company and its majority-owned subsidiary.[37]

After this question of jurisdiction was settled, the Indian government said it would seek at least $3 billion from the company, a move that appeared part of a strategy to force Union Carbide to raise its settlement offer. This figure was said to represent the amount the government would seek in damages if the case went to trial. An Indian court also barred the company from selling assets, paying dividends, or buying back some of its debt until the court reviewed government claims that such moves would impair victims' recovery rights. The government raised the death toll from the disaster to 2,347, an increase of 593 from previous estimates. The government also claimed that between thirty thousand and forty thousand people suffered serious injuries in the accident.[38] In response to this action, the company agreed to maintain at least $3 billion in unencumbered assets to be used as collateral against any claims. The Indian government agreed to this proposal, and the injunction against the company was lifted.[39]

Thus the legal problems for Carbide mounted, and the company faced a great deal of uncertainty regarding the eventual outcome of the situation. The greatest uncertainty, of course, involved the amount of eventual compensation awarded to the victims of the tragedy. With a reported $200 million in -insurance coverage, Carbide could probably weather a settlement in the range of $250 to $300 million, but anything near $500 million would hurt the company's performance. If the final settlement were to be paid out during a period of time, this would substantially reduce the immediate burden for the company.[40]

COMPANY RESPONSE

John Tollefson, dean of the School of Business at the University of Kansas, stated that three things were crucial to successful management of such a crisis situation as the tragedy at Bhopal: (1) executives had to give long-range considerations p1brity-over short-term costs and benefits; (2) action had to be taken immediately; and (3) truthful information had to be provided to the public from the beginning. The worst thing that could happen in a situation like Bhopal, added John D. Aram, professor of management at Case Western Reserve University, "is that (executives) get into a bunker mentality where assumptions get frozen and alternatives get closed down instead of opened up."[41]

The trip made by Anderson to India was the key element in the company's early response to the Bhopal tragedy. It was the kind of swift, decisive action that was necessary to manage such a crises situation successfully. Even though the trip did not turn out as expected, the fact that the chairperson himself went to India was an important step in dealing with the situation. Other elements of the company's strategy to deal with the crisis included the following:

> The company halted production of MIC at its Institute, West Virginia, plant until an investigation of the Bhopal incident was completed. This was the only other facility where the company made the highly toxic gas, and production was halted to ensure the safety of nearby residents.
>
> Union Carbide said that it would not reopen the Bhopal plant if Indian officials wanted it closed permanently, although, it temporarily resumed operations to use up the remaining MIC stored there.

> The president and chief operating officer, Alex Flamm, went on closed circuit television at the company's headquarters to assure employees that the company was financially sound and was doing everything possible to address the needs of the victims. The presentation was taped and duplicated and sent to each of the company's 500 locations around the world. Other communications to the concern's employees went out by mail, telex, and computer.
>
> Employees were asked to observe a moment of silence for the victims. Flags were also flown at half mast through December 12, 1984, at most U.S. locations. The company prepared a letter to stockholders to express confidence that the company's financial structure was not threatened by the disaster. There had been some speculation in news articles that the company could face staggering damage claims beyond its insurance coverage if severe punitive damages were awarded in any of the liability suits resulting from the accident.
>
> The company scheduled a press tour of the West Virginia facility to explain publicly the manufacturing process for the chemical. The company was certain to be asked to explain its original position that the plants were essentially the same, given that the company later admitted that a computerized early warning system at the West Virginia plant to detect any buildup of temperature or pressure in the storage tanks was not installed at Bhopal.[42]

This latter problem was particularly embarrassing for the company. The company later stated that the plants were designed according to the same "process safety standards" but that the two plants were not identical.

Carbide insisted that the equipment at Bhopal offered an equivalent measure of safety.[43] Later the company confirmed that tank problems were found at the Bhopal plant in a May 1982 inspection but that it was not clear that the problems were corrected before the December 3, 1984, disaster. The report apparently found several deficiencies in the MIC tanks; raised a question "about the adequacy of the tank relief valve to relieve a runaway reaction"; and 'expressed concern about the lack of backup equipment that might be needed to prevent accidental overfilling of a tank.[44]

The tank relief valve was checked and "found to be adequate," but the purchase of equipment to prevent overfilling depended on the availability of money. It was not immediately known whether this equipment had ever been installed or whether any of the problems contributed to the accident.[45] While Union Carbide was conducting its own investigation of the incident, an inquiry was conducted by the government of India that identified a number of design flaws, operating errors, and management mistakes that helped cause the accident. Sources close to the investigation disclosed the following findings:

> Plant safety procedures were inadequate to deal with a large-scale leak of the deadly MIC, despite the fact that the dangers such a leak would pose were well known. Nor had any precautions been taken to protect people living near the plant. No procedures were developed for alerting or evacuating the population that would be affected by an accident.
>
> Leaky valves were a constant problem at the plant. Six serious accidents occurred at the Bhopal installation between 1978 and 1982, and three, one of which was fatal, involved gas leaks.

> Some important safety systems were not working at the time of the accident. Refrigeration units designed to keep MIC cool so that it could not vaporize had been shut down before the accident. Other equipment, including devices designed to vent and burn off excess gases, was so inadequate that it would have been ineffective even if it had been operating at the time of the accident.
>
> Plant workers failed to grasp the gravity of the situation as it developed, allowing the leak to go unattended for about an hour. Brief and frantic efforts to check the leak failed. As the situation deteriorated, the workers panicked and fled the plant.[46]

Finally the company issued its own report about what caused the disaster. The company report stated that it believed that the accident resulted from a large amount of water entering a storage tank and triggering a chemical chain reaction. The report stated that the water was put in the tank either "inadvertently or deliberately," but the chairperson of the company could not say that it was an act of sabotage. One possible source of the water was a utility station where a pipe marked "water" was located next to one marked "nitrogen," which was used to pressurize the tank. Quite possibly someone connected the wrong pipe to the tank and allowed as much as two hundred forty gallons of water to mix with the MIC in the tank. The report covered an investigation of nearly three months by a team of company scientists and engineers who conducted about five hundred experiments to determine the technical aspects of the accident.[47]

The report also showed that the Bhopal plant was ill run, violated a number of standard operating procedures, and failed to maintain safety devices. Conditions were so poor at the time of the disaster that the plant "shouldn't have been operating" according to Warren M. Anderson. The report confirmed that the scrubber unit intended to neutralize the escaping gas was not operating prior to the accident and that another safety device, a flare tower, also was not operating because it had been shut down for maintenance.[48]

After this report was issued, the company made plans to resume producing MIC at its West Virginia plant. The company replaced its salt-water cooling system with one that used chloroform, which was nonreactant with MIC. The company also made other revisions, such as more frequent sampling of tanks and destruction of stocks if they became contaminated with even small amounts of water.[49] The company also announced that it would triple the number of inspections at all of its plants. The company disclosed that its plant at West Virginia had seventy-one MIC leaks since 1980 but that the leaks were small and thus not reportable to federal authorities.[50]

Then in August 1985 another incident happened to plague the company. A noxious cloud of methylene chloride and aldicarb oxime escaped from its West Virginia plant and hospitalized 135 people. This leakage did not involve MIC, but this was no comfort to the victims who experienced shortness of breath, a burning in the eyes and throat, and vomiting. Aldicarb oxime was mixed with MIC to form the active ingredient for Temik, a pesticide widely used on citrus crops. Apparently steam accidentally entered a metal jacket surrounding a tank where the chemical was stored, which caused the pressure to increase and eventually ruptured three gaskets, thereby allowing 500 gallons of the solution to escape.[51]

Union Carbide eventually disclosed that the aldicarb oxime facility was not equipped with the safety devices installed at the MIC facility after the Bhopal incident, including a computerized monitoring system to detect leaks. A computer system designed to predict the dispersion of

poison-gas clouds was also not programmed to track the substances that leaked in this instance.[52] Union Carbide was sued for $88.2 million in compensatory and punitive damages by thirty people who claimed they were injured by the leak. The suits charged that the company was negligent in failing to warn citizens of the dangers of leaks and in failing to maintain effective warning or monitoring systems.[53] Meanwhile OSHA fined the company $1.37 million for 221 alleged safety violations at the Institute plant and gave its files to the Justice Department for possible criminal prosecution.[54]

As if all this were not enough to keep management busy, the company also faced a takeover bid from GAF Corporation. The bid was successfully repelled by a major restructuring that involved cutting the domestic work force by 4,000 people, raising $500 million by selling assets, taking $500 million from the overfunded pension plan, and offering to buy back 10 million of the company's 70.4 million shares. This offer was later revised to include 55 percent of the stock at a cost of $3.3 billion. The company also started a drastic reorganization of its eighty or so business operations. Carbide claimed that many of these moves had started long before the GAF bid and were not part of a takeover defense.[55] Nonetheless the company took on a $2.53 billion debt to successfully preserve its autonomy, a debt it later offered to repurchase.[56]

IMPLICATIONS

The United States is estimated to have some six thousand chemical plants; the worldwide total is about twice that number. Add to these totals nuclear power plants and related facilities, equipment for handling liquefied natural gas and other explosive fuels, laboratories for studying new biological organisms, and the transportation of these and similar substances and we are dealing with potential calamities numbering in the tens of thousands. Even if the probability of a major disaster like Bhopal is extremely low, one is bound to occur every few years somewhere in the world. The poison cloud at Bhopal, incidentally, came just two weeks after tanks of liquefied gas exploded and killed 452 people in Mexico City.[57]

The problem is one of controlling the risks inherent in modern technology and reducing them to an acceptable level. Nearly 1 billion tons of pesticides and herbicides, comprising 225 different chemicals, was produced in the United States in 1983, with an additional 79 million pounds imported.[58] Every day about 275 million gallons of gasoline are produced by the chemical and petroleum industries, 723,000 tons of dangerous wastes are generated, and 250,000 loads of hazardous materials are shipped across the country.[59] Given this potential for calamity the chemical industry has one of the best safety records of all the industries in the United States. In 1983 the industry had only 5.2 injury cases for every 100 full-time workers, compared with 9.7 for all manufacturing industries. Chemical companies are reported to regularly drill their employees in emergency procedures and can help rush experts to the site of an accident.[60] The Chemical Manufacturers Association maintains a hotline to help local authorities identify what kind of chemical they are dealing with in a spill.[61]

Even with all these precautions, however, accidents still happen. Earlier in the year of the Bhopal tragedy a small amount of MIC was released from an FMC pesticide plant in Middleport, New York, that caused eye injuries to nine children in a nearby school. In October 1984 an American Cyanamid plant in Linden, New Jersey, spewed pesticide chemicals into the air that hospitalized

160 people in New Jersey and New York.[62] Can these kinds of incidents be prevented by stricter enforcement of existing regulations, new regulations to impose more controls on business, or more legislation that would plug supposed loopholes in existing laws and regulations? Several important questions were considered by Congress after the Bhopal disaster.

> What percentage of the U.S. public lives in close proximity to facilities that produce or use hazardous materials?
>
> Is it known what these materials are and what hazards they present to adjacent communities?
>
> How adequate are the emergency procedures established by the federal and state governments to respond to environmental disasters?
>
> Does the national emergency response team set up under the Superfund law have the capability to provide or coordinate essential services in the event of a disaster?
>
> How would victims of exposure be compensated?[63]

In response to the Bhopal tragedy several bills were introduced into Congress to prevent such an incident from happening in this country or, if one should occur, to provide for an effective response. One such bill would amend the Resource Conservation and Recovery Act to make it clear that provisions enacted in 1984 dealing with underground storage tanks also covered air emissions from the tanks. Another bill would clarify the authority of the EPA to regulate chemicals used to manufacture pesticides under the Toxic Substances Control Act. A third bill would establish a federal cause of action for persons injured by exposure to chemicals and would impose strict, joint, and several liability on companies causing the exposure.[64]

Many congress people felt that there was a regulatory loophole regarding chemical disasters. OSHA regulated safety within industrial plants, and the EPA ensured the quality of air and water in the nation as a whole, but no federal agency was directly responsible for preventing chemical disasters. To plug this loophole Representative Henry A. Waxman (D-Calif.) proposed changes in the Clean Air Act that would give the EPA the responsibility for setting standards for chemical plant safety and for overseeing companies' emergency planning. Others, however, contended that there was no regulatory loophole that needed additional legislation.[65]

Although many of these proposals would either expand or strengthen the powers of the EPA, the agency did not sit still awaiting congressional action. An internal task force was formed to determine what authorities the agency already had that could be used to prevent or respond to a disaster involving MIC or any other chemical. The first job of the task force was to set up an internal information network so that people in the agency's various offices would know how the agency was supposed to respond to a chemical incident.[66]

The EPA also conducted a study of the Kanawha Valley near Charleston, West Virginia, where Union Carbide operated several plants along with many other chemical companies. The area was known as Chemical Valley and was inhabited by about two hundred twenty thousand people. The study found that the largest potential sources of toxic pollutants in the area were from chemical

plants operated by Allied Corporation, Diamond Shamrock, DuPont, FMC, Monsanto, and Union Carbide. Other sources of toxic substances were local utilities, chemical shippers, and a sewage treatment plant operated by a Union Carbide subsidiary. Regarding specific pollutants the study said benzene, vinyl chloride, and other volatile organic chemicals suspected of causing cancer were present in "significant amounts."[67]

The Bhopal tragedy gave a boost to efforts involving chemical disclosure laws. OSHA had issued a communication standard in November 1983 that required companies to provide information to their employees on hazards in the workplace by means of labels, material safety data sheets, and training programs. But there was much criticism of this standard in that it preempted stronger state laws that had already been passed. Such a situation occurred in New Jersey where a U.S. district court ruled that the state could not enforce its right-to-know law as it applied to manufacturing establishments because the law was stricter that the federal standard.[68]

The OSHA standard also did not address the issue of community or public access to information about hazardous substances. This was a serious issue for many communities, including the city of Akron, Ohio, which passed such a right-to-know law just a week after the Bhopal accident. Many other cities and communities were considering similar measures.[69] The Senate Environment and% Public Works Committee scheduled hearings to examine the question of whether communities were adequately prepared to deal with chemical emergencies.[70] Meanwhile in an effort to stave off a new wave of legislation and regulation dealing with this issue, Monsanto Company announced a voluntary right-to-know program designed to distribute information about possible hazards and precautions to residents near its fifty-three plants around the country. One executive at the company said, "It's clear that we need to be more open than in the past."[71]

The Bhopal incident also had an impact on the insurance industry. In 1982 the EPA ordered hazardous waste facilities to get liability insurance against chemical accidents-both sudden accidents such as explosions, and nonsudden occurrences such as leaks that might slowly poison residents. But after Bhopal and similar incidents the pollution liability insurance industry virtually collapsed. Rates climbed 50 to 200 percent and even higher in some cases, and coverage was sharply curtailed with maximums generally reduced to $10 million or less. All but three or four of the fourteen companies and pools that issued this kind of insurance pulled out of the market entirely. These companies appreciated the magnitude and complexity of chemical risks and decided that pollution liability insurance was not worth the effort.[72]

Finally the Bhopal tragedy raised the issue of technology transfer to countries that were not technologically sophisticated and did not have extensive safety and health regulations. Are we thrusting twentieth-century technology into countries that are not ready to deal with it adequately? Although countries like India may want such plants because of the employment opportunities and because of a need for their products, the inherent dangers of such a plant and the potential for harm to the public may not be understood or may be overlooked. The mayor of Bhopal, for example, had no idea of the potential dangers posed by the Union Carbide plant.[73] The state government, which was responsible for worker safety, had only fifteen factory inspectors who were supposed to monitor more than eight thousand plants located in the state of Madhya Pradesh, of which Bhopal was the capita1.[74] The federal Environmental Department of India had a staff of 150 persons compared with the EPA's staff of 4,400 persons at its headquarters, to say nothing of

regional offices. Yet India did more to enforce safety than did most Third World nations, partly because of the British legacy of laws and inspection procedures.[75]

Monte Throdahl, a former Monsanto vice-president who was at one time the company's general manager for international operations, stated that "the leaders of [developing] countries are more interested in economic development than in a clean environment or safe workplace." An analyst with the Conservation Foundation said that India was mired in an early stage of industrialization with environment and health and safety standards geared to the smokestack industries of that era. At the same time the country was eagerly accepting the innovations and hazards of the organic chemical revolution that occurred after World War II.[76]

It is all too easy to transfer hardware from industrialized to developing nations, but just about impossible-and unethical-to impose the political-economic structures, the regulatory apparatus, and western-scientific world view that are necessary for the hardware to work efficiently and safely. That is the lesson of Bhopa1.[77]

High employee turnover rates are a serious problem in foreign countries. In its 1982 report about the Bhopal plant Union Carbide expressed a concern that "personnel were being released for independent operation with out having gained sufficient understanding of safe operating procedures." The report also expressed concern about training by "rote memorization" without "a basic understanding of the reasoning behind procedures."[78]

In an emergency situation the primitive transportation and communications systems of Third World countries pose a problem. The organization of an orderly evacuation of a community, a most difficult task under the best of circumstances, becomes a near impossibility when a slum has grown up around the plant, as was the situation at Bhopal. The problem of moving so many people so quickly is almost beyond comprehension.[79]

Bhopal has become the catalyst for some companies to reexamine their policies and practices abroad. At DuPont, officials say a major safety audit of each foreign operation is conducted every twelve to twenty-two months. Monsanto in St. Louis said it inspects foreign plants annually, except for Far Eastern operations, where audits take place every two years. After Bhopal Monsanto said Far Eastern plants would also get annual inspections.[80] One reason for this stepped-up activity is because the suit by the government of India against Union Carbide could strip many multinational corporations of the insulation they now have from the liabilities of their foreign subsidiaries. The suit argues that multinationals engaged in hazardous activities are not entitled to the standard legal shields that protect parent corporations. Andreas F. Lowenfeld, professor of international law at New York University, stated that "in some circumstances, the concept that separate incorporation [of subsidiaries and parent companies] makes companies separate legal entities ought to be rethought."[81]

QUESTIONS

1. Is there anything a company can do about citizens who choose to live near its facilities? Should companies be required to provide a "buffer zone" between their plants and the nearest residents? Should companies actively participate in the preparation of an evacuation plan for communities in

the event of a disaster like the one at Bhopal occurs? What moral and legal implications do these questions involve?

2. Are there some products that are simply too toxic and hazardous to handle and thus should not be produced? Can the EPA administrator ban such substances from being produced in this country? If so, on what grounds? What about foreign nations? Did the safety systems at the Bhopal plant appear to be adequate? Can safety systems be designed and operated to prevent such accidents from happening?

3. What is the difference between compensatory and punitive damages? What do juries hope to accomplish by awarding punitive damages? What can a company do to protect itself should its net worth be threatened with either compensatory or punitive damages? Should a company the size of Union Carbide be forced out of business because of legal liabilities resulting from an accident like the one at the Bhopal plant?

4. How much is a life worth? What is adequate compensation for an ongoing illness that was the result of the Bhopal accident? How do courts usually deal with these issues? Is the present value of future earnings an adequate way to figure compensation for the family of a deceased wage earner?

5. Should the trial take place in India or the United States? What are the advantages and disadvantages of either location for the company and for the victims? Should the Indian government have the right to preempt the suits of the victims and act on their behalf? What interests do American lawyers have in this situation?

6. Was Union Carbide, the parent company, responsible and liable for the actions of its Bhopal subsidiary? What criteria would you use to answer this question? What are the implications of your answer for multinationals in general? Under what circumstances should they continue to be shielded from the actions of their foreign subsidiaries?

7. How should a company respond to such crisis situations? Were the immediate steps Union Carbide took adequate? What else could have been done? Can companies, especially chemical companies, develop contingency plans that more or less automatically go into effect in the event of a serious accident anywhere in the world?

8. How can technology be better managed so that safety systems are not shut down or out of order as apparently was the case at the Bhopal facility? What kind of controls can management institute so that it can be assured on a day-today basis that all safety systems are up and operating properly? Is such a goal realistic? Is safety a management problem or a technical problem for engineers?

9. Is more regulation the answer to controlling the use of chemicals and other hazardous substances? Do communities have the right to know what is being produced in their backyard so they can take appropriate action to protect themselves in the event of an accident? Should such a national right-to-know law be passed, or can corporations be relied on to do the “right” thing in this regard?

10. Is technology transfer a problem that needs to be dealt with on an international level? Has the United Nations done anything about this problem? What about other international bodies? What is the position of the United States regarding this issue?

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Case Study 6: Policy-making in a Restructured State: The Case of the 1991 Health Reform Policy in New Zealand

Pauline Barnett and Kerry Jacobs[1]

The pressure for efficiency and accountability that led to reform of public institutions worldwide has had implications for public policy-making as well as the management of public services. The difficulties of providing a coordinated and efficient policy process that can respond to the requirements of a more managerialist style of government were evident in New Zealand in the 1980s and early 1990s. The policy process in 1990-91 leading to the introduction of health reform proposals provides an illuminating case study of the tension between participation and speed, and between traditional pluralist and managerialist approaches to policy development. The implications of this for subsequent implementation are discussed.

During the 1980s and the 1990s a number of countries, faced with common concerns over growing costs, ageing populations, higher expectations and pressure to reduce public spending, embarked on reform of health services (Ham 1997; OECD 1994; Seedhouse 1995). In 1991 the National government in New Zealand proposed a radical restructuring of health funding and management arrangements, presented to the public as a combined policy and discussion document, the Green and White Paper (Upton 1991). These changes involved the introduction of an internal market and the separation of purchaser and provider responsibilities. While there has been extensive research effort in analysing the implications and impact of the health reform policy (Salmond and Mooney 1994; Barnett and Malcolm 1997; Ashton 1999), this has not been matched by research into the policy process itself.

Internationally there has been keen interest in the way in which the modem health policy process operates (Harrison *et al*. 1990; Klein 1995a, 1995b). In New Zealand some commentary on the 1991 policy process arose from its apparent departure from established approaches to health policy-making, usually characterised by incremental change in both content and pace, participatory processes and a high degree of political and community consensus (Blank 1994; Atkinson 1994; Easton 1994). During the 1970s and 1980s the health policy process had involved public debate with an expectation of achieving a measure of consensus among political parties and interest groups such as medical and other health professional organisations, locally elected hospital and area health boards and community health advocates (Bowie and Shirley 1994). The recognition of the role of interest groups largely reflected pluralist and neopluralist understandings of how policy networks and policy communities work (Harrison *et al*. 1990). However, the development of the 1991 Green and White Paper represented an apparent shift from this tradition. The policy was developed by a Health Services Taskforce set up by the government, working to a

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tight deadline, without soliciting public submissions and with only limited scope for debate after the proposals were presented. Easton (1994:215) called this approach 'policy blitzkrieg', which he defined as:

> A lightning strike, involving a policy goal radically different from the existing configuration, to be attained in a short period of time, following a surprise announcement and a very rapid implementation.

Despite this perception that there had been a radical departure in the policy process for health, there has been little analysis of that process, with researchers preoccupied with the consequences of implementation, not unreasonably given the significance of the proposals. However, it is our contention that the 1991 health policy process is important in itself, providing an instructive case study of the tensions between management efficiency, political and administrative consultation and coordination, and a strategic approach to policy. While such tensions will always be present to some degree, by the late 1980s they were recognised as inherent in and exacerbated by the New Zealand experience of state restructuring (Galvin 1991; Logan 1991; Boston 1989, 1992).

This paper presents the 1991 health reforms as an explanatory case study (Yin 1989) of policy making in the restructured state. The case study is developed from two main sources: documentary evidence and interviews. Besides published sources, documentary evidence was obtained from official taskforce files that included internal reports, ministerial briefing papers and papers to cabinet. Access to files, held by the National Archives, was granted under the Official Information Act 1982. Interviews were conducted in 1995 with the four surviving taskforce members and eight others closely associated with the process, including staff and consultants. Interviews were taped, transcribed and revised by respondents. Additional informants (including government officials, consultants and members of health interest groups) were contacted for brief discussions, consultation and verification on specific issues.

As a context for the case study, the paper first provides a brief overview of public sector restructuring internationally and in New Zealand. It then presents the structural and policy context for the 1991 health policy case study, outlines the key features of the policy process and considers the implications of this for policy-making within a restructured state, and in the light of recent developments.

International Trends in State Restructuring

In Western countries in recent decades governments have used a variety of approaches to respond to the perceived failures of Keynesian economic systems, inefficient bureaucracies and under achieving welfare policies (Pinch 1997). Responses were initially in terms of economic restructuring and deregulation, but later addressed the issue of public sector performance. A striking feature of public sector restructuring internationally has been the importance of managerialism. Pollitt (1993) defines managerialism as a series of loosely linked beliefs associated with an increased emphasis on the role of managers in the organisation. The application of such concepts to the public sector has been called the new public management (NPM) (Hood 1991), its increase in 'hands-on' professional management, greater emphasis on output controls and a belief that management styles and practices in use in the private sector should be applied in the public

sector. These practices include managerial autonomy, short-term labour contracts and performance agreements, and an output orientation, contrasting with traditional public service hierarchical decision-making, security of employment and input controls (Boston *et al*. 1996). Associated with this management style, Hood (1991:5) identified the 'new institutional economics' as the second 'stream' of ideas underpinning public sector restructuring, allowing public sector transactions to be conceptualised in terms of contracting, competitive arrangements and, potentially, smaller government and greater privatisation.

The way in which these ideas have been applied internationally has varied, but they have been adopted to differing extents by Westminster-style governments, by the USA and by a number of European states although, as Ferlie *et al.* (1996) point out, Western European government are generally proceeding with some caution in adopting both market-led and managerialist reform. Although there has been no single formula internationally, Anglo-Saxon countries appear to have embraced some aspects of these more readily. In the USA early efforts to reform the public sector were not easily embedded in the highly pluralistic American political system (Pollitt 1993:93), although there have been renewed initiatives in the 1990s to improve the performance of the bureaucracy (Gore 1993). In other countries, such as Canada (Trebilcock 1995; Schwartz 1997) and Australia (Marsh 1994; Campos and Pradhan 1997) there have been developments at both central and provincial/state level in reorganising government management. Although acknowledging that there is no single model, commentators such as Ferlie *et al*. (1996:20) identify New Zealand, along with Britain, as the 'fast movers' of public sector reform.

The Restructured State in New Zealand

Although a small and geographically isolated country, since 1984 New Zealand has become one of the notable examples of state managerialist reform. In 1984 the newly elected Labour Government (1984-1990) addressed an economic crisis with radical restructuring of the economy. The exchange rate was floated, most producer subsidies were eliminated and various import barriers phased out. Economic reforms were followed by dramatic structural changes in the public sector, creating a managerialist framework for both the machinery of government and departmental operations (Boston *et al*. 1996). A Treasury briefing paper, *Government Management* (New Zealand. Treasury 1987) outlined the weaknesses of the existing administrative system and provided a program of structural and procedural change to ensure improved efficiency and accountability, reduced government expenditure and improved quality of services. The principles on which this would be based included a preference for private provision, clarity of government goals, separation of policy and operational functions, and contestability of services, including policy advice (Boston 1992).

Many state commercial activities were corporatised and subsequently privatised. The remaining core public sector was subject to two important pieces of legislation, the State Sector Act 1988 and the Public Finance Act 1989, which provided the elements necessary for a managerialist government framework (Boston *et al*. 1996; Scott *et al*. 1991). The State Sector Act redefined the relationship between ministers and their departments. Departmental heads lost their tenure and were appointed on contracts, making it easier for ministers to hold chief executives accountable for departmental performance. The act also applied private sector labour-market practice to the public sector, creating opportunities for more flexible labour practices and efficiencies. The

second piece of legislation, the Public Finance Act, altered the government appropriation process to focus on outputs rather than inputs, requiring government agencies to develop performance reports and full financial statements in accordance with private sector accounting standards.

A number of international commentators cite New Zealand as an example of how to transform a semi-socialist economy to a 'reinvented' market economy. Osborne and Gaebler (1993:330), for example, describe New Zealand as 'furthest along the entrepreneurial path' and comment favourably on managerialist changes such as the development of a 'mission driven and results orientated budget for their entire national government' (Osborne and Gaebler 1993:165), full accrual accounting, subjecting state owned organisations to competition and the elimination of direct and indirect subsidies. Hood (1991:6) saw the reform proposals of the New Zealand Treasury (1987) as the 'closest thing to a coherent NPM manifesto'. Commissioned reviews led to refinements in structures and processes (Logan 1991; State Services Commission 1991; Schick 1996), with recent international reviews continuing to promote a 'New Zealand model' of public administration (Nagel 1997; The Christchurch Press 16/1/99) which reflects a union of economic theory and managerialist elements. It would be surprising if health policy making had remained untouched by these changes.

Context for the 1991 Health Policy Process

Three important themes provide a context for the 1991 health policy case study: the nature of policy processes in the restructured state; recent health policy experience; and the new 1990 National government's policy intentions.

Policy Processes in the Restructured State

As Boston noted (1992:90), there are three types of relationships that are important in maintaining a co-ordinated approach to policy: the horizontal relationship between ministers; the vertical relationship between ministers and their advisers; and the horizontal relationship between officials. By the late 1980s it was clear that there was some breakdown in all three sets of relationships, a situation which was articulated by both chief executives and ministers in a formal review of state sector restructuring (Logan 1991) and noted by other commentators (Galvin 1991) and academics (Boston 1992).

In the case of relationships between ministers, in the later stages of the Labour government (1987-90) there was a high level of personal and ideological tension, a matter not easily addressed by administrative mechanisms (Boston 1992). While the same level of tension between ministers was not present in the succeeding National government (1990-96), it was apparent that a coordinated approach to policy was difficult to develop. Even the budget process, while recognised as 'a central expression of Cabinet's collective responsibility' (Logan 1991:47), nevertheless, with its 'fixed calendar, its secrecy and (in some policy areas) the small numbers of ministers and officials involved, put strategic thinking under great pressure' (Logan 1991:50).

In the case of vertical co-ordination, the State Sector Act had been expected to reinforce relationships between ministers and senior officials. This was certainly the case, but often within the relatively limited framework of departmental priorities. In other ways officials had a less

significant role. The Labour government, somewhat mistrustful of both the loyalty and competence of some staff, had routinely restricted the attendance and role of some senior officials at cabinet meetings (Boston 1992; Galvin 1991). In addition, senior officials were often placed in the position of providing competing advice to their ministers who, for a variety of pragmatic and philosophical reasons, had used alternative sources of advice outside their departments (Boston 1992, 1994; Galvin 1991).

Horizontal coordination across departments was perhaps the area most undermined by the restructuring process. The State Sector Act encouraged 'departmentalism' and fragmentation, with advice sometimes being uncoordinated or even conflicting (Boston 1989). While these sets of flawed relationships could be remedied in a variety of ways, their adequacy could only be tested at the point at which they intersected, where it would be apparent whether or not advice was coordinated, that is, the Office of the Prime Minister and the Cabinet Office. There was a growing view that a combined Office of the Prime Minister and Cabinet would be an appropriate arrangement (Hunn and Lang 1989; Boston 1989), with its eventual formation in 1990 (Boston and Pallot 1997). While too late to be of any advantage to the Labour government, it was part of the as yet untested structure available to the new National government in 1990.

Recent Health Policy Processes

Besides the general decision-making environment of government, the 1991 health policy process can be set within the context of recent health sector experience. There had been little change to health sector arrangements in the previous 40 years since the reforms of the first Labour government (1935-49) which implemented a tax-funded health system to provide all citizens with access to subsidised general practitioner services and free hospital treatment, mental hospital care, medicines and maternity care. By the 1970s, however, the direct cost to the public of general practitioner visits had increased significantly and major variations had developed across the country in access to hospital care.

Modern proposals for health sector reform in New Zealand derive from the third Labour government's White Paper on health (New Zealand Government 1975) which proposed regionalisation as a solution to persistent problems such as the lack of accountability and centre-periphery tensions. Although the Labour government was defeated in 1975, the National government, after extensive consultation, eventually introduced legislation (1983) which enabled the formation of area health boards, this process being completed in 1989, under a subsequent Labour government (Laugesen and Salmond 1994).

Two government-sponsored reviews of the health sector occurred during the 1980s. First, the *Health Benefits Review* (Scott *et al*. 1986), led by an academic, reviewed a range of options for the funding and provision of mainly primary health care services. This review, importantly, considered alternative roles for the state. It recommended that the government remain the dominant funder of health services, but strengthen its ability to bargain with providers over both price and quality. Considerable opposition from the medical profession was a feature of ensuing discussions. The second review, entitled *Unshackling the Hospitals* (Gibbs *et al*. 1988), was highly critical of the existing structure and practices in health and hospital management, particularly hospital services. It argued that the health system needed further restructuring to create

a competitive market' for health where 'purchaser' and 'provider' obligations were completely separate. There was significant opposition to the recommendations from within the health services.

Both reviews, despite being government commissioned, incorporating new data, having high-profile committees and engaging in extensive consultation both during and after the review period, were distanced by the Minister of Health of the time and not implemented. The recommendations had been undermined by resistance from health sector interests, such as medical and other professional groups and area health boards, and lack of cohesion in the government. Any explicit move towards a competitive model was rejected and health policy proceeded on the basis of 'organised incrementalism rather than sweeping change' (Bowie and Shirley 1994:302). Area health boards, based on managerialist accountability models of the State Sector Act and Public Finance Act, were established in 1989.

Government's Policy Intentions

When the new National government came to power in 1990 major changes in health were not anticipated. The National Party's 1990 *Manifesto* had specified a range of commitments in welfare policy, including support for area health boards, implying that if National won the election there would be a settling down in health and other social services after the upheavals of the late 1980s.

The new government, however, proposed a radical welfare policy that reduced benefits, increased targeting and restructured social services. This went much farther than the community or even some government members had anticipated, but was rationalised in terms of the perceived financial and social inefficiency of universal benefits and the urgent need to contain the deficit. The strategy, announced in December 1990 as the government's *Economic and Social Initiative* package (Bolger *et al*. 1990), included both immediate measures and provision for a comprehensive review. In relation to health, immediate measures were the abolition of a fledgling contract scheme for general practitioners and the adjusting of subsidy levels for both doctors' visits and pharmaceuticals, seen as an interim measure pending further review.

The cabinet had also developed mechanisms (New Zealand Cabinet 1990) for a more comprehensive review which led to what Boston have called 'a major transformation of most aspects of New Zealand's welfare state' (1999:10). There were to be six project teams (for health, education, housing, welfare benefits, accident compensation (ACC) and superannuation) working on policies which were expected to be ready for the 1991-92 budget in July 1991. This process would be coordinated by a Prime Ministerial Committee, with monthly progress reports, beginning in January 1991, and the Prime Minister's staff directly involved with the reviews. The objectives of health policy reform had been set out in an attachment to the cabinet paper:

> The basic goal of the Government's health policy is to ensure that everyone has access to an acceptable level of health services on fair terms. It is likely that the Government will continue to be principal funder of health services. Therefore it has a continuing direct interest in ensuring that health services are provided at least cost to society, and that individuals' responsibility for their own health is recognised and fostered.

Elaborating on this goal the government emphasised the need for targeting and making health service funders and providers more efficient and responsive to consumer preferences. This would require more consumer choice, more competition and the organisational reform of public sector providers. Disease prevention and health promotion activities were to be used 'to limit appropriately the Government's exposure as the principal funder of health services'.

On this basis the brief to the Health Services Taskforce was set out:

> To identify and investigate options for defining the roles of government, private sector and individuals in the funding, provision and regulation of health services.
>
> To advise the Minister on reform alternatives and recommend a preferred approach.
>
> To develop an implementation plan for the option that the ministers prefer.

The Taskforce terms of reference reflected a number of key New Right concepts. Issues such as equity of access, consumer choice, efficiency through competition, organisational reform, consumer protection and individual responsibility for health were all highlighted by the minister. The terms of reference also made it clear that a fully privatised system would not be an acceptable recommendation but that services should be provided at the 'least cost to society'. In setting up a taskforce (that is, a specially appointed, time-limited group with a designated task), the government had chosen a well established, credible means of developing policy, widely used by Western governments (Rowat 1988) and recently in New Zealand for the health sector reviews of the 1980s (Bowie and Shirley 1994).

Developing the 1991 Health Policy

Establishing the Taskforce

On taking up his portfolio in November 1990, the new Minister of Health, Simon Upton, received two competing briefings on health, one from the Department of Health which reflected a health professional and community perspective (Department of Health 1990) and one from Treasury (New Zealand Treasury 1990). The Treasury paper, which addressed the financing and rationalisation of services, was consistent with the overall philosophy of the government and became the basis of the taskforce brief. This brief included a six-month timetable: the taskforce was to be appointed by January 1991, with preliminary recommendations to cabinet by the end of March, consultation with government and development of proposals by the end of May, and decisions announced in the budget in July. This schedule meant that ministers would need to give direction regarding preferred options, and that the taskforce would not be seen as tendering independent policy advice, but more as an extension of the minister's office, developing proposals along agreed directions.

The minister had a relatively difficult task recruiting members given the tight timetable and the heavy, preferably full-time, commitment required. The chairperson, Roderick (Rod) Carr, was a senior manager from the banking sector and had been part of the government taskforce reviewing financial assistance for post-compulsory education in the 1970s. He was known to the minister and politically sympathetic to the government's approach, but without any significant previous involvement in health. Carr was reluctant to give time to a project that would have an uncertain fate. It was agreed that the taskforce would maintain a close relationship with the minister to

ensure that the ideas developed would be acceptable to the government, and it would not produce an independent public report. While different from recent policy reviews, this approach was entirely consistent with the terms of reference and *modus operandi* set out in the cabinet paper.

Other taskforce members, while appointed in their own right, were selected by the minister to ensure 'coverage' of the health sector. Besides the businessman chair, members included a general practitioner (Dr Henry Doerr), a clinician-academic (Associate Professor Norma Restieaux), a public health medicine specialist (Dr John McLeod) and a senior health service manager (Gordon Davies).

The taskforce was funded from the Department of Health budget, but the minister made it clear that the Department of Health would not be directly involved. The Director General of Health resigned almost immediately, effective April 1992. While the policy process was explicitly distanced from the Department of Health, there was some concern in the government that the process not be too closely identified in the public's mind with Treasury. Proposals to locate the taskforce in the Treasury building were vetoed personally by the Prime Minister for this reason. Although distanced physically from both the Department of Health and Treasury, the taskforce was strongly influenced by the latter, with its secretariat managed by a senior Treasury officer and its brief and scoping documents drawing heavily on Treasury reviews of issues such as primary/ secondary integration, sector performance, systems and structures and ACC. Staff had reviewed the 1974 White Paper, the *Health Benefits Review* and the Gibbs Report, as well as work by Alain Enthoven (1985), the UK *Working for Patients* report (UK Secretary of State for Health 1989) and various OECD reports (1987, 1990).

An economist from the State Services Commission joined the team, and two other staff (an economist and a medical specialist in public health) were seconded from the Department of Health. Staff from both the minister's and Prime Minister's offices were regularly involved. The minister had given explicit instructions not to reinvent or go over old ground, but to start with the reviews that had already been done. Since one of the taskforce members (Gordon Davies) had managed the secretariat for the Gibbs Report and a consultant to the taskforce (Professor Claudia Scott) had chaired the *Health Benefits Review*, continuity with previous reviews was secured.

Managing the Policy Work

Development of the work plan (Table 1) was a relatively straightforward task, based on the terms of reference for the taskforce, the guidance from the minister and the issues raised in the Treasury briefing. Taskforce members and staff declared their expertise and the areas of work to which they could best contribute. This taskforce was run somewhat differently from previous reviews. Time was limited, but most Taskforce members made full-time or near fulltime commitments to the work so it was possible to run the project as an integrated team, with relatively little distinction between taskforce members and staff. The expected model for a taskforce process would be for staff to do background work and prepare papers, which would then be brought to the committee for comment. In this case, however, staff and taskforce members worked together on specific projects, depending upon their interest and availability, and then brought their material to the wider group. Sometimes a staff member and sometimes a Taskforce member took the 'lead'. This was a deliberate strategy by the chairman, who saw himself and taskforce members working in a

‘hands on’ rather than ‘board of directors’ model. He managed the process in an active way that was not always easy for staff used to more traditional modes of working, and caused some amusement when project management consultants calculated that one taskforce member would be required to work more than 24 hours per day to achieve the desired objectives!

Taskforce deliberations relied mainly on existing information, including the work of the *Health Benefits Review*, the Gibbs Report and the Treasury reviews, but in various ways new information was brought in. One participant commented: ‘The committee did not just shut itself away and talk to the New Right ... it had a very broad cross section of people come in’. There was, however, no formal consultation with sector or community interests. Over 100 unsolicited submissions were received and a number of representations made from all parts of the ideological spectrum, such as the Hospital/Area Health Boards Association (Ashton *et al.* 1991) and the Business Round Table (Danzon and Begg 1991) but there was no systematic process for incorporating these views. Designated consultants, however, including international experts, were used on specific issues. This was done through informal visits (for example, from Clive Smee, Chief Economist of the NHS) or in response to formal requests to appraise proposals (CS First Boston 1991; Goldsmith 1991).

Decision-making was consensual, involving both taskforce members and staff working in a larger group. Debate was vigorous, but not all taskforce members always felt completely on top of all the issues, perhaps because of lack of policy, clinical or managerial experience. The shortage of time and the significance attached by the minister to the seriousness of the economic situation was seen by some taskforce members and staff as factors in encouraging a ‘readiness to agree’ on issues which might normally have taken longer to resolve.

The timetable was extremely tight. Beginning in January 1991, the taskforce was required to provide a set of options for consideration by the minister and cabinet by the end of March which it presented as a comprehensive report (Health Services Taskforce 1991). The second stage comprised responding to cabinet’s preferred options and refining them in preparation for the budget papers mid-year. These were eventually published as the government’s policy statement, the Green and White Paper.

Table 1: Health Sector Taskforce Work Plan, February 1991

Overview. Evaluating alternative approaches to defining objectives; criteria for evaluating policy options: 15/2/91.
Defining Core Health Services. Critique and major problems in identifying core: 15/2/91. Specification of an approach to developing these: draft 22/2/91, final 27/3/91.
Service Provision. Analysis of sector and identification of problems: 22/2/91. Development of alternatives; paper on competition 1/3/91. Specification of feasible options: draft 1/3/91, final 27/3/91.
Targeting Government Assistance. Critique of existing situation: 1/3/91. Development of alternatives: 27/3/91. Practical options: 27/3/91. Database for modelling impact: 27/3/91.
Health Promotion/Disease Prevention/Public Health. Draft: 15/2/91.
Vulnerable Groups/Special Needs. Identify groups and programs, discussion of process whereby

these might be addressed: 12/2/91.

Funding of Health Services. Current arrangements and problems: 15/2/91. Development of alternatives, with sufficient detail for government to make decisions: 27/3/91.

Regulation. Proposals for most desirable regulatory regime, work plan for coverage or regulatory issues, brief for departments: 7/91.

Implementation. Preliminary report on options to Prime Ministerial Committee: 15/2. Report to Change Team: 8/3. Recommend preferred approach: 31/3. After this, period up to end May for further work on preferred option in lead-up to budget.

NB: Dates indicate target dates for completion.

Relations with the Government

The close working relationship between the taskforce and minister, and therefore between the taskforce and wider processes of government, had been established by agreement between the chairman and the minister. Routine liaison was maintained via an official from the minister's office, and every few days the chairman would update the minister personally, sometimes accompanied by a taskforce or staff member who had worked on a particular paper. Several times the taskforce as a whole, along with officials, met the minister. Observers with experience of policy processes expressed surprise at the level of regular access to the minister, surmising that the degree of 'hands on' involvement by the minister was a means of securing an outcome consistent with the other concurrent policy activities.

This view is encouraged by the practice of the chairs of all six government taskforces meeting weekly, both to brief officials of the Office of the Prime Minister and Cabinet and to keep up to date with the progress of other taskforces. One taskforce member commented that compared 'with some of the other groups, health appeared to be on track, on target, delivering deliverables'. Every two or three weeks the taskforce chairs would attend the Cabinet Committee on Social Policy, chaired by the Prime Minister. These meetings had a dual purpose. First, they reviewed progress, confirmed directions and identified the next sets of decisions required to ensure that the ongoing work was focused on preferred options. This was summarised by one respondent:

> the ministers and government wanted issues presented to them, then over time certain options were deleted so that at the end of the period of time it was not the Taskforce's recommendations, but the government's recommendations, based on information and advice provided by the Taskforce.

While the Minister of Health maintained a close interest in the work of the taskforce, respondents reported that the dominant influence was the Cabinet Committee rather than the minister himself.

The second purpose of the Cabinet Committee was to coordinate the work of all six social sector taskforces. At this level, the work of the Health Services Taskforce appeared well integrated with the efforts of other sectors, but in fact there was little day-to-day contact. Important issues such as health benefits targeting were being worked on independently of the taskforce. There was liaison at staff level but the issues were extremely technical and it is unlikely that the taskforce members were fully conversant with them. There were clearly two sets of activity, one the taskforce review

and the second the application to the health sector of specific targeting policies, which were being developed elsewhere. These streams were brought together largely after the taskforce had completed its work, thereby implicating taskforce members in some final (government) decisions in which they had no direct part.

Policy Statement and an Implementation Strategy

The intention, from the time of the announcement of the economic and social initiatives (Bolger *et al.* 1990) had been for the Health Services Taskforce (like the other taskforces) to contribute to the preparation of the 1991-92 budget, to be announced in July 1991. The process that ensured that these decisions could be made involved the government being fully apprised of the taskforce's work and guiding it in directions that suited the government's interests. For example, in April 1991, when the Prime Ministerial Committee considered the taskforce's report, it directed the taskforce to develop work on a number of issues (the funder-provider split, integration of primary and secondary care, opting out, rationalisation of user charges, social insurance, integration with ACC funding, separate funding of public health) and report back in May. The Prime Ministerial Committee considered these reports at meetings twice during May, with a paper from the Office of the Prime Minister (17 June) making detailed recommendations to cabinet. At this point a number of issues remained open, including the structure of the regional purchasing authorities and the recommendations for financing the system, but essential decisions were made to enable the preparation of the budget document.

While members of the taskforce subsequently retained some involvement in the drafting of what became known as the Green and White Paper, this was identified as 'essentially the government's business'. As this progressed the separation of tasks between staff and taskforce members emerged. Staff members prepared the text, and taskforce members were invited to comment and edit, with final decisions on content and wording made by the minister or government. One participant noted that there was concern at the writing stage that there had been a high level of consensus on a number of issues, but a fear that this might be changed in the preparation of the final budget paper.

The taskforce, mainly through its officials, was also involved in the preparation of plans for implementation. Along with the Treasury, State Service Commission, the Department of Health and the Department of the Prime Minister and Cabinet, it was asked to prepare a paper for the establishment of implementation machinery, urgent legislation and the budget night transition process. There was some debate over whether implementation should be managed through existing department structures or by setting up temporary structures outside existing arrangements. The latter was selected, despite the view that it might lead to initial delay, to protect the implementation process from being undermined by sector interests.

The presentation of the Green and White Paper was accompanied by an announcement of the immediate abolition of area health boards and the establishment of a process and timetable for implementation, including setting up a Health Reforms Directorate to manage the overall process and the National Interim Provider Board (NIPB) to manage the corporatisation of public providers. This speed took many people by surprise, but was seen as another device to ensure that sector interests opposed to reform would be unable to ‚capture' the implementation process.

After the budget announcements some members of the taskforce team remained involved. There was discussion of a senior role for the chairman in the implementation process, but he decided to return to the bank. Another taskforce member was invited to assist with the restructuring of the public hospital sector, but his involvement was relatively brief as he believed that, while some competition was 'inevitable and helpful', the aggressively competitive focus adopted by the NIPB would, in the long run, discredit the reforms.

Discussion

There was a mixed response to the announcement of the Green and White Paper proposals, with considerable negative reaction from health sector interest groups. Opposition was to both the content of the proposals, particularly those parts which represented the introduction of a managed market, competition, the removal of democratic structures and a prospect of increased privatisation, and to the policy process itself, which was said to have been hasty, undemocratic and not appropriate to policy formation in an area of intense community interest.

In considering the process, two aspects can be considered: the 'macro'-level process which considers the way in which policy development was coordinated in the wider environment; and the more 'micro'-level process, that is, the management of the taskforce itself. These different roles of governance and management were recognised with cabinet determining scope, boundaries and timetable and taking decisions at critical points, for example indicating at various stages which options were acceptable and should be developed further, and the Taskforce providing the work necessary for taking such decisions.

Examination of the micro-process suggests that it closely reflected the managerialist style of the New Zealand government sector. The taskforce undertook a primarily technocratic exercise, detached from issues of political sensitivity or the concerns of vested interests or the wider health community. The Green and White Paper later made it clear that the government saw both health institutions and health professionals (including doctors) as part of the overall resistance to change (Upton 1991:10). In setting up a self-contained process, by excluding the health bureaucracy which it regarded as unreliable, and selecting Taskforce members without constituencies to which they were accountable, the government was able to secure an exercise, as it saw it, uncontaminated by forces likely to oppose change. There was no systematic process by which the taskforce considered external contributions, with the use of selected consultants suggesting an, implicit redefinition and narrowing of the traditional health policy community (Blank 1994:134).

At the operational level the taskforce itself was a tightly managed enterprise. The temporary recruitment of a skilled private sector executive to undertake the task was a tactic which had been characteristic of both the current and previous governments when seeking a high-performance result (Boston *et al*. 1996). The chair coordinated members, staff and seconded personnel into project teams and included them in corporate decisions. The Health Services Taskforce was reputed to be the most effective, efficient and competent of the six sector groups set up by the cabinet memo of 14 December; it produced the reports required by government, on time and within budget. This process was entirely consistent with the requirements placed on government departments and agencies through the State Sector and Public Finance Acts and reflected government operational processes rather than the more discursive exercise normally associated

with efforts to create major shifts in health policy in New Zealand (Blank 1994). Such processes contrast strongly with an earlier National government's attachment to an incremental approach, including pilot projects, to change in the late 1970s (Bowie and Shirley 1994:300) or the Labour government's reviews of the 1980s (Scott *et al*. 1986; Gibbs *et al*. 1988). Although the recommendations of these reviews were not formally adopted, they were influential in 'stimulating ideas and canvassing options for change' (Ashton 1992:150).

The clarity of the 'macro' view provided to the taskforce by the Prime Minister and cabinet permitted the short-term goal of producing an acceptable policy in time for the mid-1991 budget to be achieved. The process benefited from a good communication between the minister and his advisers, which included regular feedback and advice. On one occasion the Prime Minister himself intervened to separate structural and financing proposals because he assessed (correctly) that the financing proposals might founder and, if too closely coupled with organisational proposals, could compromise structural change. This level of involvement contrasts with reviews under the previous government where ministers were not involved during the process, and were tentative in their public responses once reports were released. The consistency of the government's views was maintained by effective horizontal communication between ministers via the Prime Ministerial Steering Committee on Social Policy, and translated into co-ordination by officials through regular meetings of the chairs of taskforces and contact at staff level. The active coordination of taskforce activity across sectors reflects a strong managerialist element and an appreciation of the significance of an overall approach to achieving government objectives (Pollitt 1993:4).

Despite good government and official coordination, there was no wider sectoral or community consultation which, in the past, had been considered important for the health policy process. The Green and White Paper made provision for subsequent consultation on two specific issues, rationing ('core' health services) and social insurance financing (Upton 1991:133). However, the immediate abolition of area health boards (the recognised advocacy group for the status quo) and the establishment of new structures to manage implementation, suggested that consultation was not to hinder the progress of implementation. This archetypal efficient process carries risks: not only backlash due to resentment at exclusion but also failure through a misunderstanding of feasibility which may have been revealed by wider scrutiny (Zifcak 1994). These philosophical and pragmatic reasons for supporting a consultative approach lie on one side of the 'fundamental fault-line that divides contributors to [policy] literature' (Rodrik 1996:32). In the case of the New Zealand health reforms, predominantly on the non-consultative side of the fault-line, implementation was fraught with both 'backlash' and 'feasibility' problems. From the early days implementation has been characterised by something of a retreat from the market (Ashton 1999), as have more recently the similarly radical and rapid NHS reforms (UK Secretary of State for Health 1997).

Conclusion

This paper has concentrated on the policymaking process in the restructured state and the way in which complex restructuring proposals were developed with speed and to the satisfaction of the government. This result was possible because of the convergence of significantly improved government policy coordination processes and focused management at the taskforce level. Essentially, the taskforce replaced the official bureaucracy, which was not considered suited to the

job, and functioned like a parallel bureaucracy. The absence of a public report from the 1991 Taskforce and the low profile of taskforce members following the release of the Green and White Paper confirm the perception that the taskforce was not an independent review body, but a substitute for officialdom. This contrasts with an independent taskforce in the style of, for example, the taskforce on Hospital and Related Services, which had produced the earlier report *Unshackling the Hospitals* (Gibbs *et al*. 1988).

The contrast between these two taskforce experiences reflects alternative uses of the task force mechanism as a policy instrument. The process for producing *Unshackling the Hospitals* ensured that politicians could distance themselves, if necessary, from the findings whereas the process of the 1991 taskforce was designed to maintain political ownership and control. While Olsen has noted a trend in modern bureaucracies to 'institutionalise policy practices rather than rely on sporadic task forces or commissions' (1996:206), the alternative contention 'that the increased use of study commissions from outside the public service is an important strategy to increase political supervision of policy making' (Rowat 1998:454) appears to characterise more aptly the 1991 health policy process.

Apart from the nature of the policy process, the effectiveness of policy-making can only be fully assessed when set in the context of implementation and final outcomes. In this case, despite an implementation process that was designed to maintain the integrity of proposals, some were not implemented and others modified early. Over the ensuing years further modifications were made (Steering Group 1997; Ashton 1999) with the reforms continuing to suffer from a persistent lack of public and sectoral credibility (Keene 1998; Alessi 1998). Amore consultative process at the policy development stage would have undoubtedly led to a different set of proposals and a longer time scale for change, both seemingly unacceptable to the government but raising the question of whether the eventual outcome may have been similar but without the acrimony and agony of the last decade.

As well as the effectiveness of policy, the efficiency of the process also needs to be seen in this wider context. Although the government achieved its short-term objective of having an acceptable policy available on time, the political and financial costs of dealing with significant community and health sector opposition, retreating on a number of policy issues and taking the decision to restructure again within the decade, raises questions about the overall efficiency of the process and the trade-off between short-term and long-term-benefits.

The experience of the Health Services Taskforce can be set within the broader understanding of policy subsystems, particularly policy communities and policy networks. These were differentiated by Wright (1988) who defined 'policy community' as an inclusive group of all those having an interest in policy formation in a particular area, and 'policy network' as a narrower subset of the policy community within which participants are likely to have regularised relationships. In the case of health sector reform, the policy community is likely to be very wide and include a range of state, sector and societal actors. While a policy network will inevitably be narrower, the network centred on the Health Services Taskforce, however, can be characterised as the narrowest possible, a bureaucratic network where interactions took place within the state and, according to Waarden's (1992) taxonomy, the most restrictive of the potential network types identified.

While this narrowing of the policy network was to ensure political control over the timing and content of the ensuing advice, it also represented what Klein (1995a:184), in another context, called 'a brutal break from the past'. In New Zealand this 'brutal break,' whether characterised as a 'big bang' (Klein 1995b) or 'blitzkrieg' (Easton 1994), undermined the ultimate effectiveness of a process which, while conforming to the essential technical preconditions for effective policy coordination, clearly needed something more to ensure a smoother transition to implementation.

Authors

Pauline Barnett
Department of Public Health and General Practice
School of Medicine
Christchurch, New Zealand

Kerry Jacobs
Department of Accounting and Business Methods
University of Edinburgh, Scotland

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Case Study 7: Euphony and Cacophony in Policy Implementation: SCF and the Somali Refugee Problem

Janice Love and Peter C. Sederberg

Policy implementation is a polyvocal process. Although sometimes idealized as rationalized routines effecting coherent decisions and producing concrete, assessable results, the actual experience more commonly exhibits the contention of many voices seeking to affect the process from its presumed beginning to its putative end. Sometimes these voices harmonize resulting in euphonious implementation other times they clash producing meaningless cacophony.

Rattier than viewing polyvocalism as an unfortunate deterioration of a rationalized administrative monologue, we treat it as merely descriptive of the inherent conditions affecting policy implementation, especially in developing countries. In order to capture this complexity and better understand the factors that encourage (or discourage) euphony, we need an approach to the policy process that goes beyond the familiar trinity of policy formulation, implementation and evaluation. We attempt such an interpretation in our examination of the entanglements of the Save the Children Federation (SCF) in Somalia's refugee problem. To provide a foundation for this examination, we first review some' of the problems associated with characterizations of the implementation process and supply some background on the dimensions of the refugee problem in Somalia and SCF's involvement with it.

CHARACTERIZING THE IMPLEMENTATION PROCESS

Concern with the process of implementation in developing countries understandably arose with the growing recognition that the "rationalized" development plans promulgated in the newly independent countries of Asia and Africa often bore little relation to actual processes and performance (Waterston, 1'969, 1972). The failure of development plans during the 1960s, though, should have come as no surprise to those familiar with the work of Fred Riggs (1964), who observed early on that administration in - developing countries is seldom what it is formally defined to be. Highly "diffracted" Western models of policy implementation would inevitably be frustrated by the "prismatic" conditions prevailing in the Third World.

Obstacles confronting rationalized plan implementation are now commonly recognized, even though they are seldom adequately addressed. Rondinelli (1982, pp. 52-62) recapitulates the more significant. First, development objectives are often imprecisely defined. This deficiency does not preclude the appearance of precision in formal policy documents, but such specificity often reflects political considerations, guesswork, and imaginative accounting in the absence of sufficient understanding of either the context or the consequences of particular projects. In part, such "Potemkin" precision is in response to the expectations of external funding agencies. Ambiguities of goal definition result from the lack of appropriate or adequate data and inadequate understanding of social and cultural conditions. Ironically, this lack of understanding may

reinforce the tendency toward phony quantification and the neglect of more qualitative dimensions of successful plan performance (for example, the values of the affected population that shape their response to particular policy initiatives).

Even assuming adequate goal definition, the central administrators often *lack the resources to provide the necessary incentives or controls on behavior*. Also rationalistic policies generally *fail to account for the political dynamics and conflicts that arise in the process of implementation*. Finally, these plans demand too much of the *low levels of administrative capability.*

The recognition of the significance of the implementation process to the success of development plans contributed to an increase of case studies of a variety of development projects (see, for example, Bates & Lofchie, 1980; Cheema & Rondinelli, 1983; Iglesias, 1976). These studies identify the conditions that appear to affect the relative success or failure of particular projects including the involvement, of political leadership, the presence of sufficient administrative capacity and financial resources, and the positive involvement of the presumed beneficiaries in the definition and implementation of objectives. These and other conclusions are generally unremarkable, reflecting the obverse of the commonly recognized obstacles implementation.

The growing interest in Third World development implementation paralleled the burgeoning field of policy studies in the United States (Hansen, 983). Policy analysts, most notably Pressman and Wildavsky (1973), were quick to- recognize that high expectations reflected in policy formation were often frustrated in the process of implementation. Throughout the seventies, a variety of approaches were developed to describe this process id to determine why so many programs failed (Bardach, 1977, pp. 36-58; so Ingram & Mann, 1980).

More recently, some scholars studying policy implementation in the American system have expressed dissatisfaction with the results of these studies. Central conceptual issues remain unresolved after fifteen years of implementation studies (Sabatier & Mazmania, 1983, pp. 145-151). Tompkins (1983), for example, suggests that implementation studies generally differ from certain conceptual limitations that result in an overly simplified perspective of the policy process. He observes that the common conception of implementation leads to a "reification of decisions." Policy is often treated "as a coherent decision from which implementation proceeds" (p. 10). This perspective ignores the dynamics of the decision process d implies that alterations of the original conception result in deviation and corruption, not adaptation. Alternatively, viewing policy as a "seamless web" may incorporate some recognition of the continuous nature of the process, but largely at the expense of abandoning the idea of implementation as a distinctive process wherein policy succeeds or fails.

Related to the reification of decisions, Tompkins notes some of the problems with adopting the consequent "phase theoretic" perspective (i.e., -mutation, implementation, evaluation, feedback). Although any complex process must be treated in some simplifying manner, an over commitment to a neat, temporal ordering of the policy process leads to the neglect of critical interdependencies.

Within the phase theoretic conceptualization, the policymaking bodies are generally seen as. "exogeneous, unitary actors," and complexity and deviance arise from the failure to carry out rationalized implementation. (Tompkins, 1983, p. 5). This perspective tends to obscure differences

among the participants who may play a role in policy formation as well as changes in policy direction over time. This criticism appears especially apt in developing countries where the planning ministry often possesses little authority over those charged with the development of the budget or the ministries directing' specific programs, much less the chief executive, who may be most responsible for shifting planned priorities.

More radical attacks have also emerged. McAdams (1984) reviews the critique of those he describes as "anti-policy analysts" who argue that basic assumptions of policy studies are flawed and doubt that usable knowledge can be produced. Even those who remain committed to a conventional social science perspective make more modest claims about what can be accomplished in either designing programs that work - (Hansen, 1983, pp. 25-35) or developing "theories" of organizational effectiveness (Mohr, 1982; pp. 179-210).

Yet, if the conceptual oversimplifications afflicting many implementation studies conceal the fluid dynamics of the policy process, reveal little that was not previously incorporated in the body of administrative knowledge, and contribute only ideographic, noncumulative analysis, an alternative cannot be facilely posited. We are challenged to develop an approach that adequately represents the complexity of policy formation, retains 'some basis for evaluation of program success while achieving some aggregative level of understanding beyond a summation of individual case studies.

The Somali refugee problem and responses to it by the Somali government and various relief organizations appear to epitomize the kind of fluid policy environment not easily captured by an unmodified phase theoretic approach. We attempt an interpretation of policy that cross cuts the conventionally conceived implementation phases. Although we focus on the plight of a specific implementing agency (Save the Children), we hope that our study will suggest a useful approach to the analysis of implementation in a relatively "turbulent" environment (Emery and Trist, 1965) and will have, therefore, implications that transcend our particular case study.

Data were collected through interviews of current and former personnel in all the organizations involved; collection of extensive primary documentation from agency records on the specific project, refugee policy and development processes; and on-site visits to the refugee camps where SCF projects are located.

THE. SOMALI REFUGEE PROBLEM

Refugees fled to Somalia from the Ogaden region, a territory whose ownership is a matter of dispute between the governments of Somalia and Ethiopia. This dispute: turned into a war lasting from 1977 to 1980. Ethiopia eventually prevailed militarily with massive aid from 'the USSR and Cuba. The war, combined with Ethiopian oppression in the Ogaden and severe drought, caused hundreds of thousands of people, mostly nomadic pastoralists, to seek refuge in. Somalia. These refugees and the costs of the war placed enormous strains on an already poor and struggling economy beset by problems of low levels of natural resources; insufficient food production, periodic droughts, deforestation, chronic -balance of payments deficits, and a large debt.

Although those who began arriving in 1978 were of Somali, (and Oromo) ethnicity, they were of Ethiopian nationality. Thus from the very beginning, 'the Somali government's preferred strategy for coping with' refugees was to, repatriate them to their place of- origin, Ethiopia, That policy, however, necessarily assumed that at some 'point hostilities between Ethiopia and Somalia would cease so as to provide an appropriate environment for repatriation. So far this has not been the case.

Unable to cope on its own with this massive movement of over one million human beings, in 19-79 the Somali government appealed .for help to the United Nations High Commissioner for Refugees (UNHCR) which responded as did other donor agencies in 1980. By 1982, UNHCR coordinated some 400 personnel from 31 voluntary agencies assisting in relief work (Spooner, 1984, p. 150). The-government set up an administrative structure, the National Refugee Commission (N RC),to oversee development, coordination, and implementation of refugee policy.

The actual numbers of refugees in the country has always been. a disputed matter between the government -and donor agencies. The highest government estimate was in 1981with 1.3 million in- camps and another 7-800,000 at large in both rural and urban areas. In 1984 the government estimated that there were '700,000 refugees In 35 camps with unknown numbers outside the camps. Donor agencies, in contrast, estimated in 1984 that 350,000 remained in camps, but these organizations were willing to continue providing enough food for 550,000 refugees (CDSS, .1985, p. 25).

The majority of the refugees are women and children whose husbands and fathers either remained with family herds, are looking for work elsewhere, died in the war, or stayed behind to remain in the military. Ironically, these refugees, who place an enormous burden on the already strained Somali economy, are also the basis on which a substantial amount of international aid is given to the country. That is why the count of how many refugees exist is so important and so contentious.

By 1981 the emergency situation had begun to ease and many donor agencies began taking a longer term view of refugee needs. In March 1982, a workshop was convened by UNHCR and NRC to discuss measures for introducing small scale development projects in the camps. At this workshop the government reaffirmed its policy of seeking to repatriate the refugees since the economy of Somalia was not capable 'of accommodating settlement of this large number people. In addition, however, the government stated a new policy of refugee self-reliance. This meant that some individual refugee- families would be allocated small farm plots for rainfed or irrigated agriculture and that small scale industries would be -started. The policy was a consequence of several factors. First, due to continued hostilities between Somalia and Ethiopia, the solution of repatriation did not appear to be immediately available. Second, the international community could not be expected to continue indefinitely its high level of aid for supporting the refugees. Lastly, the refugee families themselves needed opportunities to engage in meaningful work.

Another policy change accompanied this move to self-reliance. If donor agencies and the government cooperated to provide development projects in agriculture, small scale industries and handicrafts, the appropriate technical ministries of the Somali government need to be- involved. Therefore, several ministries created units to relate specifically to problems of refugees. The

Ministry of Agriculture, for example, created the Refugee. Agricultural Unit. Nonetheless, the country's annual development plans still did not fully integrate development proposals for refugee camps, and the- self-reliance projects were conceived and administered almost entirely outside the regular processes of development planning for the country as a. whole. The NRC remained in its role of policy coordination regarding refugees, - and technical ministries such as Agriculture did not attempt to take authority for initiating and implementing policy away from-the NRC.
Donor agencies who had in part prompted the government's policy change from relief to self-reliance received it with enthusiasm. The. US Agency for International Development (USAID), for example, developed an overall self-reliance project with the goal of increasing the capacity of refugees to become more productive, improving their economic well being, and reducing their. dependence on 'the donor agencies' and Somali government. In order to carry out this goal, USAID committed $6 million to (1) support the development of a Planning Unit in the NRC` to carry on longterm assessment of refugee needs and governmental response; (2)- provide socio-economic and technical studies for gaining a greater understanding of refugee needs, Incentives and: resources; (3) fund specific subprojects in farming; small scale industry, handicrafts, etc. - designed and implemented principally by private voluntary organizations (PVOs); and (4) monitor and manage the entire scheme (USAID Project- Data Sheet, 1). Foreshadowing a dispute that would later arise between USAID and NRC over integration of refugees into the Somali. population vs. continued massive segregation in camps, the USAID project description suggested that “if participation in agricultural projects increases, if refugees are taught to farm with greater regard for environmental concerns, the CSDR [Somali government] might begin to decentralize the refugee populations within the areas where they live into smaller settlements...." (USAID Project Data Sheet, Project Paper,. 1982, p. 6; emphasis added).

In March 1983, a year after its policy statement on refugee self-reliance, the Somali government reversed its long-standing position on repatriation being the only long-term solution to the refugee problem. Again, donor agencies had sought greater clarification of the government's policy in light of the continued hostilities between Somalia and Ethiopia and. the unlikely voluntary return of significant numbers of refugees anytime in. the near-or medium-term future. The government declared itself willing to create settlements for refugees. If any refugees wished to return home, the government had no objection, but those who wanted to stay could now do so. The questions of complete 'integration and citizenship were postponed' and to the Somali government the concept of settlement meant keeping the refugees together in locations somewhat separate from local 'Somali populations. Relocation of some refugees might be necessary to make settlement viable, but they were still to be placed in :.locations largely segregated from indigenous Somalis.

In a fairly short period of time, therefore, the Somali government moved from a policy of relief, to self-reliance, to settlement for refugees. An organization involved in and affected by -these policy shifts as it attempted to implement development projects in one of the refugee camps was The Save the Children Federation from the United States.

SAVE THE CHILDREN FEDERATION IN SOMALIA

Save the Children Federation in the United States (SCF) is a private voluntary organization that attempts to help needy children through community development. Founded in 1932, the organization now operates in 39 countries including the United States. In 1984, SCF had a total budget of over $40 million with $740,000 of that spent in Somalia. The staff in Somalia consists of 112 people, nationals and expatriates. About half of he total operating funds come from governmental grants from agencies like USAID and UNHCR.
In 1985, SCF was one of nine voluntary organizations working in Somalia among refugees. SCF first, came to Somalia in early 1981 in response to appeals by UNHCR for emergency assistance. By the end of the year, however, SCF began concentrating its efforts on more long-term programs n a few camps located in the Lower Shabelle region in an area near the own of Qorioley.

There are four refugee camps in Qorioley with a total official population of 40,000. The Lower Shabelle region is one of few in Somalia where there is arable land and some possibility for irrigation due, to the presence of the Shabelle river. SCF proposed a comprehensive set of self-reliance projects for Qorioley under the government's self-reliance policy, USAID's self-reliance program funding, and similar funding from UNHCR. The free year budget of over $4.7 million. was for a multisector program to include a forestry project, development of dryland farming areas, the construction of an irrigation system, appropriate technology and income generating projects, beekeeping, and environmental and general public health. Each part of this program emphasized training refugees to take the operation in the long run. Even though SCR has broad experience in number of countries, this program in Somalia was, in the words of one analyst, "most ambitious and beyond any scale, content or capacity experienced by SCF before" (Spooner, 1984, p. 43), The SCF project proposal (p. 3) similarly acknowledge that

> Extension and training is[sic] the basic -foundation on which SCF operates and is [sic) a primary concern of the Somali Government. However, in the specific case of the Qorioley Refugee Camps, the farmers have no infrastructure to work with. Therefore; it is the intention of the project to build infrastructure while developing extension and training programs tailored to fit the heeds of the target population (i.e., Refugees and local farmers).

The goals of the agricultural parts of the overall program (dryland farming and irrigation) were to provide refugee farmers access to improved land, tools, equipment, extension services, and market outlets for increased productivity that would augment their efforts toward self-reliance.
To achieve this goal, SCF agreed to design, test and begin operating an irrigation system using water from the Shabelle river; to prepare 320 hectares of land for irrigation and' distribution among refugee families; and to prepare 900 hectares of dryland for cultivation. In all, up to 3500 refugee and nonrefugee farmers were to receive assistance.

The first year of the agricultural project went well with the land to be irrigated, cleared and distributed to about 2500 families with 0,1 to 0.2 hectare plots each. The plot size and distribution was agreed upon through discussions with the refugees themselves. The poorest families, mostly female-headed households were to receive the irrigated land. Refugees with more resources,

especially those headed by men, would receive larger plot (one-two hectares) in the dryland areas. At this point, however, since the irrigation scheme was not yet underway, all the land was dryland. Part of the success of the project up to this point was due to very good rains that made the dryland farming productive. In addition, the plans for the irrigation scheme were begun with the arrival of engineers and the granting of contracts for some of the heavier work.

By mid-1983, however, SCF began-to lose staff crucial to the operation of its program in Qorioley. In eight months, SCF lost two agricultural project coordinators, one civil engineer, one senior engineer, and one extensionist. To compound these difficulties, one of the construction contractors did not finish its work to specification, making the product virtually useless. Because of these problems and others, SCF inevitably fell behind in its work. Furthermore, by the end of the year, late rains were not good and the following year the early- rains failed. Rain failure only deepened the worries of the government and donor agencies about SCF's problems in canal construction and its ability to complete the work.

Other difficulties arose when the government, in March 1983, radically changed its policy toward refugees, as stated earlier, to one of settlement rather than self-reliance. The 0.1 and 0.2 hectare plots that had been distributed were too small for supporting permanent settlement in which refugees are expected eventually to provide all their own food and income. These plots were distributed with the intention of supplementing family incomes, not wholly maintaining them. The land distribution problem erupted into a dispute between SCF and the Somali government that has yet to reach full resolution.

By late 1984, SCF had recruited new staff and was again making significant progress on the canal which was being completed with more inputs of local labor, technology and material than had originally been anticipated. The irrigation scheme was expected to be operating by the end of 1985. Other problems causing further delays, however, were nationwide fuel shortages and in a dispute between UNHCR and the government over which exchange rate would be used for UNHCR funds after a major devaluation of the Somali shilling. With such major difficulties through the first two years of the project, little headway was made in a crucial, aspect of the entire program, training refugees to take over operation and maintenance of the irrigation system.

Meanwhile, the forestry project, the other major component of the SCF multisector program, had established one of the largest and most successful tree nurseries in the country. In addition, the beekeeping project was going well, and SCF community organizers had succeeded in helping women refugees establish a restaurant, mat weaving cooperative and a sewing cooperative, for supplemental income generation. Also dryland farming was underway on the additional land not intended for irrigation.

In sum, SCF had mixed success and some major difficulties implementing its enormous and ambitious multisector programme that took its work in Somalia from the stage of offering emergency relief to providing for self reliance. Many of the problems encountered by SCF originated in the polyvocal character of the policy process.

CONTENDING DIRECTIVES IN POLICY IMPLEMENTATION

Policy consists of directions for a performance (cf. Peckham, 1979, 182-4), a set of explanations intended to control verbal and nonverbal behavior and produce certain predicted results. These consequences, then, are used to assess the adequacy of the original policy directives and guide any needed modification. This restatement of the policy process into stages of explanation, experimentation and feedback appears simply to recapitulate the conventional phase theoretic of formulation, implementation, and evaluation, although with one possible improvement: Viewing policy as explanatory directives more explicitly recognizes that implementation involves successful behavioral control.

The phase theoretic, moreover, tends to presume that implementation takes place in a neutral organizational environment. Policy directives, however, are not inscribed on a contextual *tabula rasa*; rather, they are injected into an environment already prestructured and continually restructured by other explanatory directives. The implementing organization(s) itself may be seen as an explanatory structure (Love & Sederberg, 1985, pp. 17-26; Sederberg, 1984) designed to control the behavior of its members according to certain more or less highly refined directives. In addition, organizational theorists for the past fifty years have recognized that the behavior of the members of an organization may well be affected by "informal" or implicit directives which reinforce or undercut the formally defined relations. Finally, an organization and its policies operate not in a vacuum but in a setting already shaped (and being shaped) by what might be called exogeneous explanatory directives.

If policy consists, of one more set of explanations factored into a concatination of explanations regulating the behavior of the relevant parties, then policy "success" depends on something more than the inherent conceptual adequacy of the initial program and the discipline and dedication of responsible implementing organizations. Rather, the impact of policy directives will be partly determined by their compatibility with pre-existing explanatory inertia and/or their capacity to displace countervailing explanatory tendencies. The common observation concerning the clash between colonial administrative attitudes and activist development plans reflects a recognition of this problem. Additionally, if the policy directives tend to be dynamic for whatever reason (e.g., fluctuating conditions, regime change), the polyvocalism in the implementation-process increases further.

Implementation, from this perspective, may be characterized as affected by four explanatory levels: formal policy, formal organization, informal organization, and ecological setting. The directives emanating from each of these levels can both interrupt and unify the temporal phases of the implementation process. Interruption results, for example, when formal policy directives encounter pre-existing explanatory resistance. Process continuity develops from the tendency of fundamental organizational or ecological traits (i.e., explanatory directives) to remain fairly stable throughout the policy phases. Both interruption and continuity make it more difficult to establish any definitive beginning or end to policy implementation. In any case, we may use this cross cutting “level theoretic” to illuminate the polyvocalism confronting SCF as an implementing partner in Somali refugee policy.

Formal Policy Level

Polyvocalism in the implementation process most obviously arises at the presumptive "stage" of formulation. Rather than being a product of a single decision made by a unitary actor, policy may be articulated by a number of participants with different agendas and may change over time. An implementing agency may find itself pushed and pulled by both of these elements. The formulation of refugee policy in Somalia exemplifies this problem.
We have identified three broad stages in Somali refugee policy: relief, self-reliance, and self-sufficiency. We need to re-emphasize that these policy alterations were and are not irrational; rather, each was undertaken in response to the unfolding situation. Each makes sense on its own terms. The original influx of refugees demanded emergency relief provisions for refugee care and feeding. The longer the refugees remained in their camps; the more routinized their care and feeding became; the emergency faded. But then a second problem arose: The absence of any firm prospects for prompt repatriation created the danger of long-term refugee populations idling their time away in the camps. Consequently, the articulation of the self-reliance policy was intended to serve as a medium-term solution, providing refugees with activities to enhance both their skills and their contribution to their own support. Finally, the government had to admit that many of the refugees were never going to return to their original homes, and provisions had to be made for their self-sufficiency.

A good argument could be made that these policy changes had to occur given the failure of the option of repatriation. Each stage, however, demands a different type of response on the part of-the implementing agencies. Emergency relief demands an "ad-hoc;" quick-reaction organization capable of responding to rapidly changing, immediate, shortterm demands. Self-reliance, in contrast, requires medium-term planning and implementation (approximately one to three years) of relatively: small scale and largely self-contained development projects intended to assist in refugee training and. self-support. Although some thought may be given to the impact on host populations, such concerns remain secondary, for the presumption at this stage is still that the refugees will eventually return home. Finally, a policy of settlement and self-sufficiency demands even more of the implementing agencies. The nature of the problem is now completely transformed from emergency relief to socio-economic development. As refugees are settled, they are by definition, no longer refugees. They theoretically become thoroughly integrated with the host population. The projects addressing their needs inevitably evolve into longer-term and more comprehensive: programs and would seem to require integration into the overall development strategy of the country.

These policy shifts raise at least three interrelated challenges for an implementing agency like SCF. First, any change necessarily disrupts organizational inertia. Previously adopted projects and orientations cannot be abandoned overnight, and, indeed, those wedded to them may resist change. Second, the accomplishments of one stage of policy may actually be maladapted to the next. Finally, the tasks demanded by the new policy may be beyond the current implementing agencies capabilities.

The refugee policy changes caused particular strains on the SCF agricultural project. SCF's involvement in the Qorioley refugee camps began largely after the emergency stage of refugee relief had passed and consisted of a variety of self-reliance projects described earlier, including a

major irrigation scheme. Ironically, about the time the project was getting underway, the Somali government changed its position on refugee settlement. The SCF field director at the time appeared aware of the implications of this shift, commenting that

> Refugee work by its very nature is fluid. This is due in large part to the highly political nature of the events that create refugees and control their lives even after they have reached asylum. This, in turn, means that plans for programs such as ours in Qorioley must have a great deal of flexibility built into them. The decision this week by the government of Somalia to allow those refugees desiring to settle in Somalia to do so is a case in point. Our proposal (the agricultural self-reliance project] was designed to reflect the desire to avoid de facto settlement of refugees pending such a decision. Now, of-course, we will have to rework our plans. (Clark, 1.983)

Despite the recognition that "many of the second and third 'years' activities can be expected to be different from- those stated in the present proposal" (Clark, 1983), USAID funded a self-reliance project and SCF attempted to implement it, largely due to the momentum that had been built up for this project. Specifically, SCF distributed land to approximately 2500 refugee families in 0.1 to 0.2 hectare plots in anticipation of the completed irrigation project. These small plots, when irrigated, would provide 20 to 30 percent of a family's needs as well as training in irrigated farming. The refugees began dryfarming their plots by 1984.

By the end of 1984, however, the NRC was demanding that SCF redistribute the land in one hectare plots in line with the new policy on selfsufficiency. SCF resisted such a move, because it required displacing families who had already begun to work the small plots. USAID's initial position was that they funded a self-reliance project, not a settlement, and if the NRC wanted to change the terms of the agreement; the contract would have to be amended through the appropriate process (Minutes, 1984). In mid-1985 the issue remained unresolved. (Catania, 1985). Meanwhile, SCF was over a year behind schedule= in implementing the original self-reliance irrigation scheme, largely due to construction delays noted above.

The shifts in refugee policy; however rational on their own terms, created considerable problems for SCF. The first shift from relief to self-reliance, called for the creation of medium-term development projects demanding a qualitatively different commitment of resources. SCF encountered some difficulties in maintaining this enhanced level of activities (see below). Moreover, some of the commitments it made to self-reliance, especially the maximization of refugee participation in the land allocation, proved maladapted to the move to self-sufficiency. Policy changes, therefore., may demand more than. a simple change in direction from the Implementing organizations; they may turn -previously established programs into "mistakes" that must then be rectified.

SCF's plight with respect to the land distribution issue illustrates a second major element of polyvocalism in the implementation process as well: the heterogeneity of the policy formulator. Not only do those stating policy speak with different "voices" over time, they speak with different voices as the same time. No government, of course, demonstrates complete harmony, but many third world polities also include major external funding agencies as important participants in the

policy formulation process. In the case of Somali refugee policy, the primary external actors are USAID and UNHCR. Although formally adhering to the principle of national sovereignty, these agencies, nevertheless, advocate their own policy preferences. Moreover, since project agreements are often made jointly between the implementing agency and multiple partners (SCF's agreements are with USAID, UNHCR, as well as NRC), an organization could find itself caught between conflicting directives. Thus, SCF was directed by the NRC to implement an allocation of land capable of providing for selfsufficiency, while USAID insisted that the project be implemented as originally contracted unless formal amendments were-proposed. SCF seemed to prefer to continue the project as originally conceived, but it could hardly ignore the authority of the NRC.

As the new policy on refugee settlement moves toward fuller articulation, two other areas of policy conflict seem likely to emerge. First the latent dispute over the number of refugees in the camps is likely to intensify. The formulation and implementation of a large-scale settlement scheme would seem to require some consensus on the dimensions of the problem. The agreement on a planning figure, though, is not merely an empirical problem, but fundamentally a political one (see below).

Second, the government of Somalia and. USAID have periodically been at odds over what to do about the refugees, however many there may be. In the early 1980s, Somalia was understandably reluctant to assume any longterm responsibility for the refugees, considering Somalia's other economic difficulties. USAID, in contrast, feared institutionalizing large camps as perpetually nonproductive dependent groups. USAID's concern was probably a contributory factor to the policy shifts first to self-reliance and then to settlement and self-sufficiency. Now, however, a new dispute has emerged over the definition of settlement policy. USAID favors a more spontaneous, decentralized, self-help, and productivity-oriented approach where the government and the external donors facilitate and coordinate refugee efforts (CDSS, 1985). The NRC; alternatively, initially favored largerscale, comprehensive settlement projects that theoretically would provide for integrated social services (Catania, 1985). Since any settlement program will depend on external funding and technical assistance. Incentives for some modification of official policy are in place. Nevertheless, subsequent laboration of settlement policy are likely to reflect pushing and pulling among the-various participants.

Formal Organizational Level

Policy must be carried through by organizations whose performance is already governed by formal and Informal explanatory directives. We include among the formal aspects of an organization not only its authorized structures and procedures but also its fundamental character and consequent capabilities. Thus a welfare bureaucracy differs in formal character and capabilities from an economic firm: and cannot be expected to perform in the same way. The changes in refugee policy altered the nature of the demands placed on the implementing agencies, and these new demands appear to have taxed the formal capabilities and procedures of the policy partners.

SCF's organizational capabilities, for: example, were already taxed sat the self-reliance policy stage, especially with respect to- their irrigation project. The purpose of self-reliance programs was to provide for opportunities for both refugees and their hosts to improve their productivity, enhance their skills, and contribute to their own support. The irrigation canal could contribute to

this end only when completed. As of the summer of 1985, the canal was over a year behind schedule, mainly because of the problems SCF encountered in the management of a large engineering project. One reviewer observed (Guymont, 1984, p. 12):

> Personnel turnovers, SCF's inability' to recruit replacements, and. underestimation of design requirements are the biggest contributory factors to the project's falling behind schedule. Engineers were not - replaced - at critical times which' threw off the whole schedule. SCF has also seriously underestimated the design effort necessary prior to construction.... SCF is not equipped to offer the backup technical and drafting support an engineering firm relies on. *It is not an engineering firm and as such should not be taking a principal role in designing irrigation systems.* (emphasis added)

SCF is not the only organization taxed by the shifting requirements of policy. UNHCR is essentially oriented toward refugee relief, but also concerns itself with their extended care and maintenance. Therefore, they provide financial support for projects like those of SCF. As an UN agency, however, UNHCR is funded on art annual basis, and this process has proven disruptive of longer-term planning. An advisor to the NRC observer (Catania, 1985):

> In the past, it has been common for implementing agencies to experience delays of a couple of months in finalizing their UNHCR project agreements and in obtaining funding. While implementing agencies have come to take this annual delay into account in their operational plans; in the past year the NRC has made a particular effort, to see that project -reviews and other procedural matters are carried out on time so that funding delays can be minimized. The present situation, in which UNHCR has not been able to act on projects approved in Mogadishu more than six months ago is discouraging: not only for the implementing agencies but for the NRC as well.

These periodic delays caused by UNHCR's procedures raise some questions about their reliability as a partner in implementing the more complex tasks of settlement.

The NRC, originally created to manage emergency relief, has been taking on increasingly complex developmental tasks. Despite this transformation of role, it continues as a largely independent organization whose activities do not appear well integrated with other relevant ministries (Planning, Agriculture). While such organizational independence may make sense under emergency conditions, the absence of coordination may become increasingly problematic as the character of the policy changes from relief to settlement. Indeed, the strategy of attempting to concentrate all refugee activities under the aegis of, the NRC results in another conflict with - USA] P, which favors using the relevant line ministries to carry out these developmental programs (COSS, 1985).
Finally, all "rationalized"' organizations, which all the implementing partners attempt to approximate, may possess an inherent inability to distinguish between adaptation and perversion.

Projects are defined according to highly structured, rationalized guidelines, but when these projects confront the turbulent reality, considerable deviation from plan may result. These deviations will tend to be seen as deterioration of performance and will be blamed on failures either in the original project design or implementing procedures. Consequently, these "failures" should be corrected by changes in the original design and/or the operations. The assumption seems to be that there exists a "right" design or set of procedures that will fit the problem. Such a perspective, as Rondinelli suggests (1983), may, be misguided. There will necessarily be a gap between any policy explanation and the environment subsumed by it, and the greater the turbulence in the 'environment, the greater will be this gap. The effort of rationalized organizations to "freeze" a policy solution under these conditions is futile, for the environment will always slip away from the policy. This is not to argue that there are no failures in implementation, but rather, that rationalized- organizations may be incapable of distinguishing and correcting them.

Informal Organizational Level

In addition to formal organizational structures and procedures, informal traits and tendencies also mediate the process of policy implementation. All organizations have informal -hierarchies, procedures, and dispositions which may reinforce or undercut formal operations. Their implicit nature makes it difficult to assess or to identify the impact of these- informal characteristics. Yet a policy challenging these tacit organizational -explanations will most likely be frustrated. Although we do not pretend to provide an exhaustive .map of these traits, we suggest a few significant - informal factors.

First, the NRC owes its strategic position in large part to the relationship of the Extraordinary Commissioner, A M. Tairah, enjoys with President Siad Barre. As one USAID official observed, "He has the President's hand on his shoulder." The NRC, because of this influence, appears to be able to define- its role with respect to the refugees as it sees fit, regardless of the formal jurisdiction of the line ministries. In the absence of this special' relationship, the NRC might face considerable competition over this crucial area of policy and resources.

A second informal tendency of probable significance, latent in all organizations might be termed symbiosis. In biology, symbiosis refers to two dissimilar organisms living together, in a mutually beneficial relation. With respect to organizational behavior, the idea identifies the tendency for the organizational solution to become part of the problem; specifically, a bureaucracy can acquire a vested interest in continuing the problem it was created to manage or correct (Sederberg, 1977, pp. 1.63-164). After all, most officials are reluctant to contemplate eliminating a task and the consequent irrelevance of the organization on which their livelihoods depend. Most organizations do not confront this problem quite so starkly, but all must compete for scarce resources and may tend to exaggerate the importance of activities while denigrating those of competing organizations. This informal tendency may involve both deception and self-deception.

The organizations coping with the refugee problem in Somalia-- particularly the NRC and, to some extent, UNHCR and' SCF--could easily acquire a vested interest in refugees. Refugees are a big business in Somali; external donors contribute perhaps 60 to 80 million dollars a year in cash, goods, and services for their support. In this context, the reluctance of the NRC to have settlement projects absorbed by the line ministries is not surprising. The NRC has also demonstrated a

tendency to overestimate the actual number of refugees in the camps in order to maximize the amount of aid received. The refugee census of 1981 was apparently inflated to begin with, and in the past four years, thousands of refugees have left the camps for their previous homes or for the cities. All the organizations involved with refugee problems have tacit reasons to emphasize the magnitude of the refugee problem. Moreover, a truely effective settlement program would remove the NRC's *raison d'etre*, a conclusion that may well shape the implementation of this program.

Finally, we may note a number of factors identified by the Somali Civil Service Study (1984) that will likely condition the implementation process. These characteristics are not part of formal structures and procedures, but they do contribute to the organizational reality and may thus affect the implementation of refugee policy.

1. The existence of three major second languages (Arabic, English, and Italian) and the problems encountered in using Somali for technical communication reinforce the stress on oral communication, possibly undermining formal documentation and monitoring.

2. The rapid expansion of the civil service, due to the policy. of guaranteeing jobs to all secondary school and university graduates (recently rescinded), has contributed to problems in insuring adequate training, of excessive personnel, and decreased morale.

3. The civil service expansion combined with economic problems has led to drastic declines in real compensation of civil servants, further damaging morale.

4. Unrealistic goals tend to be set, given the constraints on personnel and financial resources.

5. The Somali civil service retains the colonial tendency to react to specific situations and demands rather than anticipate and plan for more comprehensive needs.

Several of these characteristics, are endemic to organizations in developing countries, while others are unique to the Somali case. Taken as a package, they constitute a set of conditions that affects the course of implementation. The scarcity of personnel and resources mandates the participation of external donors and private voluntary organizations (PVO's) as- partners in implementation--a necessity which guarantees increased polyvocalism in the process. The poor compensation received throughout the Somali Civil Service means that donor funded projects which add salary supplements attract the best personnel. This consequence is acceptable if these projects reflect reasonable development priorities, but such a conclusion begs the question as to whose priorities are reasonable in a polyvocal formulation process. Finally, the shortages of skilled personnel in the line ministries reinforces the NRC's argument that these ministries cannot assume the added responsibilities of refugee settlement--a task which the NRC, of course, believes should remain under its jurisdiction.

The Ecological Level

The ecological setting includes specific elements of the environment surrounding implementation that have a recognizable impact on the process of Implementation. Policies and organizations are

thrust into an already structured social and physical ecology that. may either resist or facilitate those policies being carried out.

In Somalia the physical setting for refugee policy includes not only the normal developing countries difficulties of inadequate transportation and infrastructure but also limitations imposed by the frequent droughts, 'limited arable land, and Insufficient river flows. The river on which the SCF irrigation scheme relies has a dependable flow only seven months out of a year. Furthermore, although no systematic survey, of the river's irrigation potential has ever been made, other irrigation schemes depend on it and more are in the planning stage. These factors suggest a dangerous possibility that the part of the Qorloley refugee agricultural settlement which is dependent on irrigation will be left without necessary water - resources for providing farmers and their families with a self-sufficient agricultural base even if the canal is successfully completed.

Another physical problem anticipated by SCF is silting. A similar canal in the Qorloley area already has high levels of silt that threaten Its utility. This suggests that whatever maintenance plans were in place for this canal were inadequate, and this, in turn, provides a challenge to SCF to come up with a better operation.

There are two principal aspects of the social setting for Somalia's policy of refugee settlement; Refugee "culture" and host-refugee relations. Most Ogaden refugees in Somalia have been in their present, somewhat isolated camp locations for five to seven years, time enough to develop patterns in their lives or a "culture." Adequate land distribution for self-sufficiency, even if the refugees remain in contained settlement as the NRC prefers, will require some relocation of refugees. Because such relocation is likely to be perceived as risky by the refugees, they may resist such a change. Furthermore, their camps are relatively organized, predictable, and well established communities that may want to remain together.

So far, the attempts by SCF to organize camp residents into income generating cooperatives has had mixed success, especially among men. This suggests that not all refugees want to find new means of supporting themselves. Most of the people in the camps were nomadic herders before the war, and not all of them-wish to join cooperatives or become farmers. Since they have, had their basic needs met by donors for five to seven years, they have not yet had to face the difficult but perhaps necessary change in their means of making a living.

Some evidence, however, to suggest another possible interpretation of refugee resistance to change. Many refugees who have left the camps, especially the men, may be away taking care of herds or earning some Income in the urban areas. These, resources are not large enough to support the entire family, so the women and children stay behind in the camp. In hard times, the men may even come back to supplement their food supplies. Thus the camps become part of an adaptive nomadic survivalist strategy, a relief archipelago, where the women and children alone cannot make a satisfactory living inside and the man alone outside cannot support the whole family--but in a combination of economic 'efforts supplemented by rations from donor agencies, the family survives. This scenario suggests that many refugee- families have long been involved in a self-reliance policy of their own. As one report suggests, the high degree of economic and social integration of families among peoples in the Horn of Africa "gives the economy great resiliency and the ability to withstand seemingly overwhelming shock" (CDSS, 1985, p. i).

The second social aspect of the ecological setting is that of host refugee relations. Such relations are both competitive and cooperative. Competition comes in use of or access to scarce land; water resources and' firewood, especially where camps are located near towns or villages. Refugee use of local markets and local services may result in an overall positive economic impact for local and regional hosts, however, producing a more cooperative relationship.
Once settlement begins, an arena likely to test host-refugee relations is that of land tenure. Current Somali law states- that all land is owned by the state. The Ministry of Agriculture has the authority to lease this land. In actuality, however, traditional indigenous institutions still govern access to land, water, and pasture. There has never been a cadastral survey to research these traditional claims in order-to reconcile them with state claims. Such a survey would be very difficult because the foundation of the traditional tenure system, clan relationships, is illegal for Somalis to discuss. When settlement begins and more land gets allocated to refugees, the land tenure issue could provide a significant obstacle to implementation.

CONCLUSION

Glendower: I can call spirits from the vasty deep.

Hotspur: Why so can I, or so can any man,
But will they- come when you do call for them?

Shakespeare, Henry IV,. Part One, III, i, 5 3-5

Policymakers are a bit like Glendower; they announce goals and define programs to achieve them, in all apparent seriousness. Policy analysts then come in like many Hotspurs, observing that any one can announce policy; the trick comes in doing it. The problem of implementation, as we have shown with respect to Somali, refugee policy, is not simply, one of establishing "correct" goals and procedures. Rather, policy is a kind of theory and a gap always exists, to a greater or lesser degree between this "theory" and the world which is being explained and, optimistically, controlled by the theory. The policy world is not neutral but has been prestructured by other explanations and constraints arising from previously established policies, formal and informal organizational characteristics, and cultural directives and environmental constraints that affect the behavior of the target population. This multilayered, preexisting structure may be relatively dynamic; further complicating implementation.

Our attempt to capture the complexity of Somali refugee policies, much less judge their degree of success; resembles the situation of those studying highly-charged policy arenas in the United States and elsewhere. Examples of such arenas include energy (Ender & Kim, -1984), hazardous waste disposal (Davis & Lester, 1985), and environmental policy in general (Downing & Harf, 1982). These arenas, like refugee programs, are characterized by the interplay between high-risk policy problems, changing political and economic circumstances, and action taken by political actors with a stake in decisional outcomes" (Davis & Lester, 1985, p. 51)

We believe that our explanatory levels approach may provide fruitful interpretations of many such turbulent policy fields. It shares certain broad characteristics with an emerging "paradigm" in organization theory (Lincoln, 1985), particularly, in its emphasis on complexity, heterarchy, indeterminacy, mutual causality and perspectivism. Yet it goes beyond this broad orientation--which characterizes approaches in the physical as well as the social sciences--through its emphasis on explanation, the distinguishing form of adaptive (and maladaptive) behavior of human beings. The explanatory levels of the implementation process can cross-cut the conventionally construed phase theoretic to affect formulation, implementation, and evaluation alike. The consequences of a policy, then, are the product of more than its internal consistency, administrative capacity, available resources, and political "will," although certainly these are important factors. In addition, policy effects depend on policy compatibility with established -dispositions and tendencies. If incompatible, ways must be found to cope with the inevitable conflict and confusion that will arise.

As our investigation of SCF's involvement with Somali refugee policy indicates, policy changes may be rational responses to changing conditions, not the result of Inconsistent and erratic leadership, but still cause trouble as they encounter existing inertia. Implementing organizations may exhibit problems not simply due to lack of capacity, but because previous ‘successes’ may be turned into ‘failures’ by a-policy change, as happened with SCF's land distribution. Rationalized implementation strategies may be frustrated not simply by Incompetence but also because of covert political agendas (a problem reflected in the potential oxymoron refugee settlement). Programs may fail not simply because resources and commitment are lacking, but because the material and cultural environment militates against them.

What is more, the various elements of. the implementation environment may conflict with one another. The support USA ID gives for a self-help model of refugee settlement, for example, may be compatible with the survivalist strategies the refugees have already developed, but. this approach could generate greater host-refugee tensions as the Somali government apparently fears.- The government preference for carefully planned, contained, social service settlements, however, runs the opposite risk of countering the existing survival strategies of the refugees.

Implementation, then, may riot be well conceived as a neat cybernetic system. Rather, many voices are being raised, in contention and cooperation,. all at the same time, all striving to structure the policy environment. A successful program will. be one that orchestrates these voices into some kind of harmony--a daunting task when confronting cacophony.

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- Suleyman Guled

Save the Children Federation
- Michael Crooke
- Alvin Edgell
- Dennis Hatem

United Nations High Commission for Refugees
- A.P. Jinnadassa

Mustafa Tag-Eldeen
United States Agency for International Development
William Keefe
George McCloskey
Frank Pavitch
Lorring Waggoner

Case Study 8: The Day of Judgement - The case of Narmada vs. The Union of India was a case of The People vs. Development. The people lost. Or did they? An investigation

Maggie Black

On 18 October 2000 the Supreme Court of India handed down an historic judgement. The Narmada *Bachao Andolan* (Save Narmada movement – NBA) had petitioned the Court to halt the construction of the Sardar Sarovar dam on the Narmada River. By a majority of two to one the judges decided that the dam should go up from its existing 88 metres towards the full final height of 139 metres. On the evening television news the leader of the NBA – Medha Patkar – was seen by the nation to be in tears.

Her anguish was understandable. Since entering the petition in 1994, the *Andolan* had presented a mountain of evidence that the project had flouted its conditions of construction and was unlikely to fulfil its promises to take water to thousands of parched villages in Gujarat. Only one judge had treated the NBA's evidence with respect. Because of the decision, the lands and forests that support the lives of 200,000 people will be submerged. To date, the 'rehabilitation' they are entitled to is, for many, a sham. Thousands of others who don't face actual submergence also face destitution, but there is no rehabilitation at all for them.

I am in a restaurant in Mumbai having lunch with a group of activists and journalists who have long supported the Narmada movement and its *dharnas* – struggles. They were gathered here by Medha Patkar by phone the night before. In Medha's hands the phone is an instrument of *dharna* – there are hundreds of numbers in her head, and under her relentless dialling India awakes. At this moment she is trying to meet the Chief Minister to discuss the fate of people displaced by large projects. Later she will be arrested for marching at their head. She is a truly extraordinary person.

Sixteen years ago Medha started walking from village to village in the area to be submerged by the Sardar Sarovar dam, and a people's movement took off. In the late 1980s it became an international *cause célèbre*, campaigning for the World Bank to cancel its $450 million loan to the project. In 1993, the Bank withdrew – an unprecedented event, helped by international pressure and a damning review from a high-level independent team.[1] But the state filled the gap. The dam went on rising. So did the struggle in the Valley. In 1999, the Booker Prize-winning author, Arundhati Roy, gave a new burst of international publicity to the Narmada cause in a widely published essay, *The Greater Common Good*.[2] She fights on for Narmada with her pen and her celebrity presence.

I met Medha Patkar at an international meeting. I had been hired by someone to write about large dams and I thought I should go and look at one. An artist friend, Lucy Willis, wanted to come too. Medha welcomed us. We were innocents. I never realized what we would find.

I ask my Mumbai lunch companions where I should start. The Narmada story winds through the political, economic and cultural fabric of three Indian states (Gujarat, Madhya Pradesh and Maharashtra) and up into the international stratosphere to the battle-lines against globalization. Its themes, sagas, betrayals, plots and sub-plots are tortuous. How can I make sense of all this in the short pages of a magazine, for people who couldn't find the river on a map, and usually pronounce it like Armada instead of Narrma-Da.

Dilip D'Souza, a journalist, is emphatic. 'You must start with the Supreme Court judgement'. 'But,' I protest, 'the judgement is the climax, the denouement, the nadir – it will be like starting at the end.' 'No,' the others agree. 'Start with the judgement. The judgement is of immense significance.' So I have.

The judgement is not just a verdict on this large dam. It is a verdict on whether the state is willing to question its iron-clad commitment to a form of grand-slam development which wreaks massive human and environmental damage for dubious economic gain. Not only Gandhi's inheritors, but other hard-nosed analysts are asking why – after 50 years of it – are India's water problems getting worse, its small farmers driven to the wall, its poverty more acute? Millions of Indians have had their livelihoods obliterated by bulldozers and concrete massifs. They have been pauperized, and for what?

Since they are mainly farmers, labourers, *dalits* (untouchables) or *adivasis* (indigenous people), their capacity to make themselves heard is limited. Their sacrifice to 'the greater common good' has been taken for granted by a middle-class India spoon-fed on development as engineering triumph. Much of the 'good' from these projects ends up in the pockets of politicians, bureaucrats and contractors. The damage they inflict on people is seen by a growing minority as unjustifiable. The people themselves are increasingly refusing to accept it.

Thus the *Andolan* had asked the Supreme Court, acting for the state, to re-consider its commitment to a development model which cripples the poor to line the pockets of vested interests, and the Court refused. The Court said a number of contradictory things.[3] It said that it was none of the Supreme Court's business to consider these matters. But it also produced a gratuitous eulogy on the virtues of large dams, ignoring all recent Indian evidence to the contrary.

The judgement also suggested – in breach of democratic principle – that it was a good thing for tribal peoples to be uprooted; this would help improve them and bring them into the social mainstream. It said the terms of the award to build the dam are inviolable; then it ignored the many ways that they are being breached. Finally, it dismissed the *Andolan*'s right to question the state's decision to build the dam. Having accepted the case six years ago, the Court now said it should not have been brought. This implies that people's movements may not use the Supreme Court to question the executive arm of government. Given the parlous state of Indian politics, this drastically reduces the chance of democratic redress against official ineptitude or bad faith.

Where this will all lead, nationally and internationally, is up for play. In the new globalized economy, the victims are not just exploited but excluded. They are expendable because they are not needed to create the new wealth. Exclusion is far worse than mere exploitation. If the Supreme

Court's decision on Narmada is a license for the forced exclusion of millions of Indians from the common resource base, then something radical may well be unleashed.

The day after the judgement, Medha Patkar was again interviewed on TV and regretted shedding tears the night before. Why have faith in the country's supreme judicial instrument to right the wrongs inflicted by the dam? What an error. Why expect solid evidence to influence the ultimate arbiters in a land whose establishment is as inflexible as the concrete it adores? For sentiments like these Medha, Arundhati Roy, and the NBA's chief advocate, Prashant Bhushan, have since been charged with contempt.

Medha's tears are something people talk about on my journey to Narmada. Is a woman in the Indian public eye to show only ruthlessness, like Mrs Gandhi, or lose respect? Medha worries about respect because she said publicly she would commit *Jal Samarpan* – sacrifice by drowning – if the dam rose above 88 metres. It has and she did not.

When you have gone to the extreme of non-violent protest, where else is there to go? Since 1988 the *Andolan* has tried by every conceivable means to halt the Sardar Sarovar. They have sat-in, fasted, captured dam-sites, occupied government buildings, gone to court, to jail, and faced drowning by the monsoon flood. They have demanded information and they have published facts – about overestimates of water flows, about inflated irrigation expectations, about lack of land for re-settlement, about costs spiralling out of control. In the early 1990s submergence became annually more dreadful. In spite of the World Bank withdrawal, in spite of a government review, in spite of everything, still the dam went up.

The 1994 petition to the Supreme Court was a final throw. Medha Patkar, looking back, says that she did not want to go to the court unless it was really necessary. 'I always felt it was unwise to go with a case unless – if it fails – the movement is strong enough to take the blow.' But after ten years, with so much evidence compiled, with wide national and international support, they took the risk. They succeeded in delaying construction. But in the end the case failed. A majority verdict, whatever the minority opinion, is a majority verdict. It was a major blow.

Can the *Andolan* take the blow, and what will they do now?

Days after the judgement the Chief Minister of Gujarat inaugurated the dam's construction to 90 metres with firecrackers and celebrations. Was this partly meant to provoke Medha into fulfilling her threat of drowning? It was a real possibility. She weighed it constantly in her mind and all her colleagues knew it. The blow to the *Andolan* might also have been mortal. She postponed. But perhaps not indefinitely. The theme of Medha's ultimate *dharna* and possible death also accompanies my journey.

My lunch companions in Mumbai want me to start out believing that, after all, the judgement may not be a 'defeat'. The movement, under the leadership of a woman of breathtaking fearlessness and endurance, has shaken the conscience of the nation. Not just once, but repeatedly, over the course of many years. The Supreme Court decision has rebounded to its discredit. Many feel stricken about what it says of India's democratic institutions. They deplore its cruelty, its ignorance, its bad logic. 'What can one say except "Cry, the beloved country"', wrote

Ramaswamy Iyer, a former Secretary to the Government of India. A debate has taken off, and in the end, in the land of Gandhiji, surely truth must prevail. Mixed with the gloom is optimism. That is another theme of my journey.

There are some who say that after the verdict the *Andolan* and Medha Patkar should give up. The Sardar Sarovar will be built and that is that. But this is to ignore that the *Andolan* is a movement of people whose homes, fields, and forests are to be drowned. The defence of their rights to just compensation and re-settlement is where the movement began. Many of these people are still waiting for their rights to be fulfilled.

This summer many villages will be inundated when the monsoon comes. Are they now to be abandoned? The idea is unthinkable. These people are the heart of the Andolan. This is not Seattle or Quebec, where they can protest and go home tomorrow. They have nowhere else to go.

So that is another theme. It seems as bleak as if I had gone to the heart of darkness. The authorities are behaving with a new impunity and repression – because the Supreme Court has sanctioned whatever they do. There is a mood of free, unfettered state license.

On the Sardar Sarovar the gates have been shut and the water in the reservoir is already near the height it reached after last year's monsoon. The Gujarat Government is clamouring to raise the dam beyond 90 metres, but approval depends on reports that everything in the rehabilitation and environmental garden is rosy. At least the Supreme Court left that loophole and that is the pressure point where *Andolan* energies are now focused. There are plenty of *dharnas* to come.

At this moment the monsoon is beginning. On Narmada's banks, thousands of villagers are waiting. Medha Patkar is among them. Whether they are arrested, whether they drown, there is going to be massive tragedy. The tragedy of their dispossession and their exclusion.

This is the story of the people I met in the Narmada Valley. It's my journey but it's their story. And I salute them all.

Case Study 9: Building up the poor – or reinforcing inequality?

Chris Brazier

The sign proclaimed it loudly: 'Under construction – the largest shopping mall in Asia'. Hyperbole, perhaps, though the sheer scale of the building work visible behind the sign suggested that something pretty grand was in the making. Yet I was standing not in Tokyo, not in Bangkok or Seoul, nor even in Delhi, but on Panthapath in Dhaka, the capital of Bangladesh.

How could developers have considered that there was sufficient scope for such an enterprise in Bangladesh? They might build the fanciest, glitziest and most well-stocked shops in the region but who would have the spare cash to spill into the tills? This, after all, is Bangladesh we're talking about: a byword for 'disaster and disease' the world over ever since the most arrogant of all US Secretaries of State, Henry Kissinger, dubbed it an 'international basket-case' back in 1974. Such has been the effectiveness of this global image-mongering that if you say to Westerners that you are travelling to Bangladesh you will meet with at best a look of bemusement ('why on earth would you go there?') and at worst an expression of sympathy. Other countries come and go in the disaster stakes – then Somalia, now Sierra Leone – but Bangladesh's grim reputation, it seems, remains secure.

Travel to Dhaka and you will certainly find poverty in abundance. You will also, needless to say, find a people rich in culture, kindness and courage. But you will also not have to look far to find evidence of just the kind of cash-awashness that the new retail palace is seeking to tap. Look up from streets abounding in people and rickshaws in some parts of Dhaka and you could almost believe you were in Southern California, so ubiquitous and gaudy is the display of neon advertising pushing everything from hi-tech electronics to designer clothes.

Yet Bangladesh remains one of the poorest, 'least developed' countries in the world, a major recipient of overseas aid. How do these things fit together?

Very well, unfortunately. For all its achievements, aid the world over has never even come close to eradicating poverty and barely even tries to reduce the gap between rich and poor. And Bangladesh, on the occasion of its 30th anniversary as an independent state, is an excellent place in which to consider how well or how badly overseas aid is working when looked at from the point of view of the people who have received it.

The nation of Bangladesh was born out of the devastation of genocide in 1971, as Pakistani forces clamped down savagely to prevent the country's independence (see *Bangladesh – a brief history*). The aftermath of the liberation war and the major famine which followed hard on its heels provoked an outpouring of international sympathy – and a massive influx of foreign aid agencies.

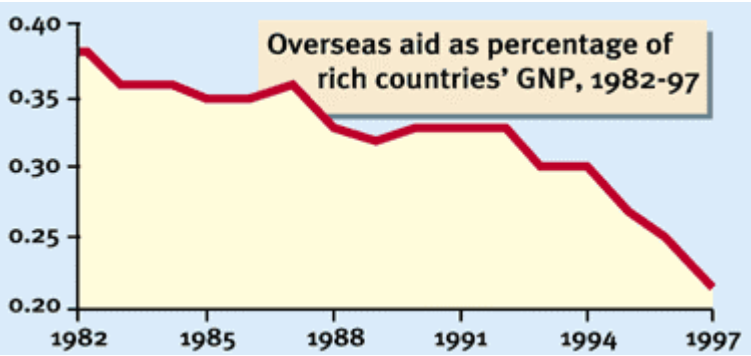
Overseas aid is a many-headed animal but its dominant characteristics – its fashions and first principles – do change over time and it is fair to say that aid at the outset of the 1970s was a very

different beast from that of today. It was a time of significant optimism when there was confidence that the newly independent countries in Africa and Asia would be able to make real headway if only they were given a helping hand. Bilateral (government-to-government) aid programmes had just been set up in earnest during the 1960s and there was widespread faith that technical help and infrastructural aid (dams and roads, for example, or the high-yielding seeds of the Green Revolution) would make all the difference.

Some time during the 1970s the penny dropped. Partly because of the shock of the oil crisis and the global recession it provoked, the assumption that 'development' in general would deliver the goods for all started to look pretty shaky. Aid policy-makers began0 to realize that they would need to pay special attention to the basic needs of the poor, which were manifestly not being satisfied.

In the 1980s the debt crisis into which developing countries had tumbled in the wake of recession meant that the leading edge of aid became financial or economic. The expanded Washington institutions, the World Bank and the International Monetary Fund (IMF), became the dominant forces, with their promises of debt relief or new loans conditional upon 'structural adjustment' of the local economy – a euphemism for rolling back the state. It took the whole of that decade and much of the next for the message to sink in that removing government subsidies and forcing cuts in social spending on health and education was having an absolutely disastrous effect on the lives of the poor. The IMF, in particular, still seems fairly impervious to the message, even at the outset of the 21st century.

In the 1990s the aid machine changed gear yet again. It was the end of the Cold War and the former Communist countries were suddenly transformed into aid recipients rather than donors. But the greater number of countries requiring aid found themselves competing for a fast-shrinking pot, not least because part of the motivation for Western development aid had always been to reward and reinforce allies in the fight against global communism. Taking the Western countries that give aid as a group, the percentage of gross national product devoted to aid has more or less halved over the last three decades. It has shrunk from 0.38 per cent in 1982 to just 0.22 per cent in 1997.[1]



This is partly because faith in the efficacy of aid has become the exception rather than the rule. There have been too many bad aid projects, too much money wasted, for anyone to retain the bushy-tailed enthusiasm of the 1960s. Governments in the South have too often used aid inefficiently or corruptly, often with the connivance of corporations or donors, and have furthered the interests of urban élites rather than the rural poor. Those in the North, meanwhile, have been

increasingly critical of poor countries' performance, insisting on 'good governance' where before they would only have been concerned about staunchly anti-communist credentials.

As a result, arguably the key development during the 1990s has been the increasing reliance on non-governmental organizations (NGOs) to deliver aid. This is still a relatively small proportion of the total but it has increased enormously over the last decade – and so, as a result, has the number of NGOs, which have multiplied all over the South.

All of these worldwide trends in aid policy and practice have been mirrored in Bangladesh, from the early emphasis on technocratic, big-budget projects through the dictatorship of the IMF to the modern faith in NGOs. But what has the net result of all this endeavour been? Is Bangladesh a better place than it would have been as a consequence of all the aid pumped into it?

The answer, inevitably, is much more complex than a simple yes or no – and would be so in any country in the world. What is incontrovertible is that hundreds of thousands more people are alive in Bangladesh today than would have been had there been no aid. Disaster relief, radical improvements in child health and nutrition, immunization: broad-brush developments like these, many of them funded by aid from Western governments or UN agencies, have had a huge and lasting impact on everyday life.

There have been significant success stories, too. The situation of women in Bangladesh, for example, could be broadly said to have improved as a consequence of aid policies. Until the mid-1980s official aid the world over almost always bypassed women and their interests. But from the Nairobi UN Women's Conference in 1985 onwards most donors have recognized this imbalance and tried to channel more resources directly towards women and their needs (gender units of one sort or another have abounded). Some of this has been rhetoric and some real. The shift in population policy has been particularly marked, and signalled in the trendy terms of each period: 'population control' (including, at the extreme, forced sterilizations and damaging injectable contraceptives) gave way to 'family planning' which in turn was succeeded after the Cairo UN Conference in 1994 by 'reproductive rights' and 'women's empowerment'.

Again, the situation in Bangladesh has reflected the international trends. The family-planning programme during the 1970s and 1980s was often coercive, with many cases of forced sterilization – though it was equally true that some women went secretly to camps to be sterilized, seeing this as a liberation from their mothers' lot of annual childbirth. In the 1990s the Government has taken a more sensitive, 'woman-friendly' approach to reproductive health. And in general development has provided women with significant opportunities for empowerment. As local women's rights activist Nasreen Huq recalls, women's participation in the national liberation movement opened doors for them when it came to putting development into practice, particularly in the field of health. 'Women received hands-on training as paramedics and became the barefoot doctors of Bangladesh – in the early 1970s seeing these women on bicycles in rural areas was indeed revolutionary. Later thousands of women in all corners of Bangladesh found employment in family-planning programmes or as health workers teaching villagers about oral rehydration in the event of diarrhoea. Thus development unleashed women's energy; broke the taboos involved in the traditional culture of seclusion and produced role models for the generations to come.'[2]

The *South Asia Human Development Report* has attributed the country's relatively low population-growth rate to women's empowerment.

The overall balance sheet on aid in Bangladesh does not, however, look nearly so positive. After years of talk about 'poverty reduction' – particularly since the World Bank's report on poverty in 1990 and the UN Poverty Summit in 1993 – the gap between rich and poor becomes wider with every passing year. Normally the gap between rich and poor widens almost imperceptibly and can only be measured over decades. In Bangladesh, however, the growth in the incomes of the rich has been stratospheric. Five years ago the richest five per cent of people earned 18 times more than the poorest five per cent; now the rich earn 30 times more[3] (Shahidul Alam examines life at both top and bottom in *When dollars swim freely*).

But does this say anything more damning about aid than that its anti-poverty drives have proved ineffective? A key study of aid effectiveness in Bangladesh has indicated that despite a 'modest growth in per-capita output', 'income distribution has become more unequal; poverty, landlessness, and unemployment have increased'.[4]

The key point is that it is virtually impossible for aid to be a neutral force. If it is funnelled into a society presided over by a government which does not actively protect the rights of the poor, aid will unquestionably increase rather than diminish inequality. The more money there is around, the more will migrate into the pockets of those with economic, social and political power.

This happens wherever the unadulterated free market is allowed to work its 'magic' but where there is widespread corruption it works a lot faster. And in Bangladesh, sad to say, corruption is now a cancerous fact of life. This is actually quite a recent development: corruption became both endemic and institutionalized in Bangladesh during the 1980s under the dictatorial rule of General Ershad. Now virtually every public-service job, from teaching to taxing, must be bought in the first place – and is itself used as a source of kickbacks for services rendered. Wheels do not turn without a spot of grease – and the largest dollops of grease are dispensed in the service of Western commerce, particularly transnational gas and oil corporations (see *Guess who's coming to dinner*).

Even aid 'success stories' often do not bear close scrutiny. The World Bank, for example, has strongly promoted shrimp farming for export in the south-east of the country and the Sunderbans – and has trumpeted its own achievement in thereby boosting overall foreign-exchange receipts. But look beyond the financial bottom line to the human and environmental dimension and the picture looks very different. Shrimp farming is a disaster for the environment: it involves destroying the fertility of the earth by inundating it with salty water. And while it can be a significant income opportunity for a local farmer, more often than not it is the urban exporter or the large farmer who benefits, using labour imported from outside so as to undermine collective local protest at pay or working conditions. Neither the World Bank nor the Government have made a significant effort 'to ensure farming is done in a scientific and planned manner to reduce its negative impact on the environment and local livelihoods'.[5]

The more questions that are asked about the effects and achievements of official aid, the more attractive becomes the option of distributing aid via NGOs – and particularly ones that are indigenous in origin rather than Western-based charities. Bangladeshi NGOs are arguably more

celebrated (and financially supported) than those of any other country. They have spread like wildfire over the last decade-and-a-half: there were 848 registered in 1997, compared with only 45 in 1981. It was recently estimated that NGOs operate in nearly 80 per cent of all Bangladeshi villages.[6]

These organizations tend to arise in the first place because they are needed – and because official aid or government provision is inadequate. They are almost entirely staffed by Bangladeshis; they are generally much more able to understand what is needed at village or slum level and to be able accurately to interpret the local cultural context. Their achievements can be remarkable – the idea of microcredit (lending small amounts of money to the poor without collateral), which has been adopted by aid agencies the world over, was pioneered by Bangladeshi NGOs.

In Bangladesh, though, the enthusiastic routing of aid money into these local 'success stories' has meant that organizations such as BRAC (Bangladesh Rural Advancement Committee), the Grameen Bank and Proshika have become very large very quickly (see *Local heroes*). Size is not a problem in and of itself but it does endanger the very thing which made them valuable in the first place – their closeness to and understanding of grassroots need. Dependence on foreign-aid funds also means there is a danger that NGOs will find themselves more accountable to Western donors than to the local people they were set up to serve.

The answer for Grameen or Proshika, as for aid agencies of all shapes and sizes, is eternal vigilance. Aid is a desperately difficult arena, one fraught with the potential for cultural misunderstandings and political hijackings. The most effective aid agencies are always those which are most responsive to local need – and those which in terms of their own organization are both open to public scrutiny and endlessly self-critical. Aid agencies can never be given a permanent licence as 'good guys': every day they have to earn the right to respect through the quality and responsiveness of their work.

This is the very least that Bangladeshis – indeed the poor the world over – have a right to expect.

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2 From a submission to the **NI**, November 2000.
3 In 1995 the poorest 5% earned 1.03% of GNP and the richest 5% 18.85%; the latest figures show the poorest earning 0.88% and the richest 23.62%.
4 R Cassen et al, *Does aid work?* Clarendon 1994.
5 Iftekhar Ahmed, 'International aid as a basis for development' (unpublished), citing Coote 1995, Durham 1996, Gain 1995 & Monan 1995.
6 Iftekhar Ahmed, op cit, citing Sobhan 1997.

The Poverty Line

by the Bangladeshi poet **Tarapodo Rai**

I was poor. Very poor.
There was no food to quell my hunger
No clothes to hide the shame of my naked body
No roof above my head.
You were so kind.
You came and you said
'No. Poverty is a debasing word. It dehumanizes man.
You are needy.'

My days were spent in dire need.
My needy days, day after day, were never-ending.
As I grew weaker
Again you came.
This time you said.
'Look, I've thought it over,
"Needy" is not a good word either.
You are destitute.'

My days and my nights, like a deep longing sigh,
Bore my destitution.
Cowering in the burning heat,
Shivering in the cold winter nights,
Drenched in the never-ending rains.
I went from being destitute to greater destitution.
But you were tireless.
Again you came.
This time you said
'There is no meaning to this destitution.
Why should you be destitute?
You have always been denied.
You are deprived, the ever deprived.'

There was no end to my deprivation.
In hunger and in want, year after year,
Sleeping in the open streets under the relentless sky
My body a mere skeleton
Was barely alive.
But you didn't forget me.
This time you came with raised fist
In your booming voice, you called out to me.
Rise, rise the exploited masses.

No longer did I have the strength to rise.
In hunger and in want, my body had wasted.
My ribs heaved with every breath.
Your vigour and your passion
Were too much for me to match.
Since then many more days have gone.
You are now more wise, more astute.
This time you brought a blackboard.
Chalk in hand, you drew this glistening bright long line.
This time you had really taken great pain.
Wiping the sweat from your brow, you beckoned me.
'Look. See this line.
Below, far below this line, is where you belong.'

Wonderful!
Profusely, Gratefully, Indebtedly, I thank you.
For my poverty, I thank you.
For my need, I thank you.
For my destitution, I thank you.
For my deprivation, I thank you.
For my exploitedness, I thank you.
And most of all, for that sparkling line.
For that glittering gift.
O great benefactor!
I thank you.

Translated from Bangla by **Shahidul Alam**.

Case Study 10: The Fire, a Death and the Cooking Pots

Sanjay Gandhi Nagar

In 1976, a construction company leased a piece of wasteland close to Nariman Point to house its workers. Mostly migrants from Karnataka, they built the 20-storey blocks that create the impressive skyline of Marine Drive. Normally, building workers live in huts or barracks on site until the building is completed; they are then expected to disappear.

In this case they didn't. When the lease expired in 1979, they stayed on. There was plenty of work in the area. Some worked on the cancer hospital, others on an extension to the five-star Oberoi Hotel.

Their land had been reclaimed from the sea, and was considered worthless – a place of marsh, rugged rocks, coarse grass, unsuitable for more formal building. To the same site came others, attracted, paradoxically, by the security that came from its undesirable condition – poor peasants from all over India. Many found work as hawkers, sellers of *paobhaji* (puffed bread with spicy vegetables) and snacks to the thousands of people commuting to Mumbai and working in offices at Nariman Point. Others sold cold drinks – from a metal cart of refrigerated water at 50 paise a glass – plastic windmills for children, balloons and novelties around the Gateway of India.

Eventually, the huts covered more than one hectare: a conspicuous pocket of squalor in a high-rise city which makes Marine Drive one of the most dramatic urban landscapes in India. The people levelled the ground, strengthened the flimsy huts of construction workers, reinforcing them with wood and tin; bricks and old tyres were placed on dusty polythene roofs so that they would not be blown away in the fierce sea-wind.

Although a number of women worked as construction labourers, the majority were servants in the houses of the well-to-do in Colaba. (Some women reject the word 'servant', and insist that they are domestic workers.) They washed vessels and floors, looked after children, maintained the houses they had helped to build.

It was not long before the people they served expressed their distaste for them as neighbours. The Cuffe Parade/Colaba Residents Association brought pressure upon the local authority to remove them from sight. As a result, the colony was demolished by the Municipal Authority in 1980. Having nowhere to go, the people simply rebuilt their huts. In 1981, the same thing happened.

In 1982 the slum was to be razed once more. Thanks to the intervention of Nivara Hakk, a local non-governmental organization that works with the urban poor, it was reprieved on condition that people would move voluntarily to a suburban site at some point in the future.

The people began to organize in preparation for the move. A residents' society was registered in April 1982. A school was established thanks to the efforts of some of the more far-sighted women

in the rich high-rise buildings. They understood that if their servants were not allowed to stay close to their workplace, they would be denied the cheap labour which makes their lives conspicuously more pleasant.

The society took 10 rupees a month from the residents towards the costs of relocation, whenever that would be. In the meantime, the pressures of daily life gave little time for distant dreams. They had to live and work where they were, raise their children. Food absorbed the greater part of their daily wage. In the evening, by the light of kerosene lamps, in the little market and shops that had grown up in the slum, they bought rice, dhal, vegetables, bananas, sugar and tea for the evening meal.

The rudiments of community were born under the constant threat of eviction. Removal meant more than loss of shelter: it involved the destruction of livelihood too.

In November 1985, the slumdwellers received notices from the Collector's office declaring each hutment owner an encroacher and liable for demolition. It was said that the site was to be occupied by a fire station.

That same evening, the slum was destroyed by fire. A child was burned to death. Although there was no evidence of arson, the use of fire by the authorities has now become a well-established means of clearing sites required for urban development – shopping malls, condominiums, urban expressways.

In this instance it was probably started by people inside the slum, with the support of outsiders, so that in the confusion they could loot and steal. It was just after the payment of the bonus given at the festival of Divali; many people lost their life savings, their wedding jewellery, the few belongings they had accumulated over a decade of labour.

The day after the fire, the State Government announced cash aid of 70,000 rupees – just over 100 rupees (about $4) per person. Relief material offered by charity was pilfered. In the immediate aftermath of the fire, the Government promised that the slum would not be demolished; but when the commotion died down, the State Housing Minister insisted that the people could not stay on the site.

Evictions in Mumbai were stepped up after July 1985, following a Supreme Court judgment that the municipality had the right to evict people obstructing footpaths or encroaching on public land. The words of the Supreme Court judgment became notorious for the social bias of judges. Of the street dwellers, the Supreme Court declared: 'They cook and sleep where they please. Their daughters come of age, bathe under the nosy gaze of passers-by, unmindful of the feminine sense of bashfulness. The cooking and washing over, women pick lice from each other's hair. The boys beg. Menfolk without occupation snatch chains with the connivance of the defenders of law and order.'

But still people held out. They had to. According to a survey conducted by Nivara Hakk, the average income per worker in Sanjay Gandhi Nagar was only 350 rupees ($14) a month. They could afford to serve the city only because they had no travel expenses.

Then, without warning on 12 March 1986, the slum was destroyed again. Police and municipal workers invaded the site, and ordered the people to evacuate the area without delay. They were allowed to take such belongings as they could carry, and the clothes they were wearing. The municipal workers set about the work of demolition with hammers and crowbars. Many huts were locked, since their occupants were working. The more robust structures were destroyed by tying nylon ropes from the central support to a municipal jeep, which then drove off, dragging the building to the ground in a cloud of dust and a tangle of metal.

All the construction materials were carried off in trucks, so that the people could not re-occupy the site. By six in the evening, nothing remained of the community but some broken glass, some shreds of polythene and plastic, torn pictures of film stars and shattered images of household gods, some chappals, splinters of wood, charred cooking vessels. The ash from old cooking fires swirled in the night air. The compound was surrounded by barbed wire, and guarded by the police, so that the people should not be able to return.

But the slumdwellers decided to try and re-occupy the land taken from them the previous week. This is what I wrote at the time: 'The meeting to organize the re-occupation is held one evening at 8.30 pm. By that time, most people have returned from work, and finished the evening meal. All along the pavement, fires are smouldering. Women clean the cooking utensils, scouring them with grit until they shine; others are finishing the meal of chappatis, vegetables and chillies, the nourishment of the poor. Children sleep on a piece of sacking on the edge of the busy road itself, vulnerable, trusting, secure in the fragile chamber formed by each other's bodies. Suddenly, the whole scene is illuminated by the theatrical beam of the headlight of a passing car. Older children do their homework by the orange light of smoky woodfires or the pallid blue glare of streetlamps.

'Some of the people have painted placards and fixed them above their pathetic shelters. These read, in Hindi, Marathi and English: "No Jobs in Villages. No Shelter in Cities. Where Shall We Go?" In a few words, they encapsulate the whole epic story of urban development in India.'

The slumdwellers are accompanied by some influential members of Nivara Hakk: Gurbir Singh, journalist and activist; P Sebastian, the human-rights lawyer; Anand Patwardhan, whose film, *Bambai Hamara Shahar*, raised the profile of the slumdwellers of India's richest city; social worker Anna Kurian; and the actress Shabana Azmi.

The effort to re-occupy the land is only partially successful. The police have been tipped off, so that soon after daybreak, four dark-blue police wagons with barred windows are parked outside the compound.

The police post themselves around the empty piece of ground; all have lathis (truncheons), some carry guns. The people are completely without any form of self-defence. The police tower over the women, bellies sagging over their trousers. '*Hamara zamin le chalenge!*' the people chant. 'We're taking back our land!' They are warned against any attempt to do so. They move forward. The crowd presses against the stakes that support the barbed wire: the posts yield. It is strange to see people trying to occupy this barren sun-baked piece of ground. It looks what it is – a transit camp, a place for refugees from developmental violence; the kind of place you might expect them to struggle to escape from.

A break is made in the wire and within a minute all the people are inside. The police set about them, beating them with lathis, rounding them up and herding them into vans. Partly because of the presence of the celebrities, the papers next day are full of the story. A concession is wrung from the Municipality. All those who were here before 1980 (not 1976, the previous cut-off date) will qualify for re-housing. An empty concession: most have lost everything, including their precious ration cards, which for the poor of India have a symbolic importance, for they legitimate their right to live where they are.

The people remain on the pavement in the following weeks. On 1 May, a 12-year- old, Ravi Sharanappa, son of Mallamma, a domestic worker, is knocked down and killed by a car driven by a naval officer. This child was haemophiliac, and the family had spent much of their earnings on medical expenses to treat him.

Angered by an accident which they had foreseen from the moment they had been forced to occupy the narrow strip of sidewalk, people forcibly occupy the office of the Additional Collector. Two slum-dwellers, Mallamma's husband, Hazma Alvi, Gurubai Koli, together with the actress Shabana Azmi, begin a hunger strike to demand alternative accommodation for the ousted people.

Gurubai Koli has been one of the principal activists in defending the interests of the community. She has been on hunger strike, been arrested and beaten by police.

A powerful presence, she exercises a quiet authority in the deliberations of the community. It is to Gurubai that people turn for adjudication in disputes, for a balanced judgement, for opinions on matters that divide and confuse them. Now in her forties, she has the wise, if sorrowful, face of one who has suffered much; but she is not embittered by misfortune.

Without land or resources, she came from Karnataka when her husband died and her children, Sunita and Bhagwan, were small. She came to Sanjay Gandhi Nagar because neighbours from Gangapur, her home district, were here. This is how most migrants to the city come – a relative, a kinsperson, a neighbour has told them there is work, a space to survive. Gurubai worked as a domestic, among other places, in the house of Dinesh Afzalpurkar, when he was Secretary to the Housing Ministry of Bombay. He was the man responsible for slum demolitions at that time. It is unlikely that he knew where she lived; he would not have recognized her if he passed her on the street.

When they came to the present site, Gurubai's house was a poor structure close to a former quarry used as a garbage dump. Her son made a garden around the house: a trellis with creepers, blue trumpets of morning glory, golden gourds clambering over the roof, a *tulsi* or holy basil, and other medicinal herbs; a gesture of remembrance to irrecoverable rural origins. Since then, the house has been rebuilt. With help in the acquisition of materials from a German non-governmental organization, Gurubai now has a structure with red roof-tiles. There is a tiled floor; a television and radio; plastic flowers in a brass vase in a recess: an arch constructed in the wall that divides the living space from the kitchen.

When I saw Gurubai in 1993 she had remarried; a man somewhat older than herself whose wife had died. At that time, she was transformed: she expressed relief at what she saw as the end of the loneliness and insecurity that haunted her life while the children were small. I took a picture of the family then. She was smiling, more expansive than I had ever seen her.

This time her husband is nowhere to be seen. I wonder if he is perhaps working. No, she says. He died four months ago. A heart attack. He died in my arms. A tear runs down her cheek a brief interval of tenderness, swiftly stolen away again. Gurubai, emblem of the endurance and stoicism of Indian women, says it is not her destiny to be happy. She has worked instead; for her children, for the community, for others.

Gurubai, all her life a domestic servant, is one of the most intelligent, able and sensitive of people. She says: 'Slumdwellers are misjudged. You cannot tell what is in a person's heart by where they live. I have worked in some of the finest houses in Bombay, and some of the people are cold and hard; and I have lived among the poorest, and there many of the people will share with you their last plate of rice.'

Sunita is now married, with a little boy of three. Bhagwan, who is 24, has a small milk business. He gets up at four in the morning, goes to the dairy to buy milk, which he distributes in the neighbourhood, especially to the rich colonies and blocks of flats nearby. In the evenings Bhagwan teaches with a friend in the community school; two hours' tuition to supplement the less-than-competent education which the children receive in the municipal schools. Bhagwan is devoted to his mother, who is proud that, as his teaching shows, he shares her concern for the community.

Gurubai is still working as a domestic, but she no longer travels to Colaba. She goes to four flats in the new buildings, from about nine in the morning till late afternoon.

Gurubai's memories of Karnataka are of terrible poverty, hunger and want. She would not wish to return, even if she had the money to go. She is content with the improvements in her life, and asks nothing more than to be left in peace.

Case Study 11: Sense and Sanitation

Sheela Patel

Bombay is the financial capital of India with some of the highest property values in the world. Half of its ten million people pay incredible prices for homes. The other half live in informal settlements; more than a million of them on pavements in makeshift structures of bamboo, plastic, cloth, wood and tin. These people pay a high price too, though the currency they hand over is not rupees but their own health, living as they often do without water or sanitation of any kind.

Yet the Bombay Municipal Corporation (BMC) is ambivalent: 'We can't give toilets to slum dwellers; this will encourage people to migrate to the city!' they say, or: 'The slums along the highway should have sanitation so foreign visitors don't have to see this embarrassing sight of squatting people with umbrellas along the road.' As if people were flocking to Bombay to enjoy the luxury of public toilet blocks, or the psychological comfort of tourists should be the primary motivation of municipal sanitation programmes!

Or else they say: 'Don't the poor deserve the same as everyone else – an individual toilet?' or: 'Since poor communities don't maintain public toilets, let's give them toilets in their own home so they will be forced to keep things clean.'

Everyone, it seems, has an opinion about how to solve the problem of sanitation in informal settlements. But what do the residents who live there, the people on the footpaths and in the slums, believe is a workable solution?

In 1984, I and 12 other people formed the Society for the Promotion of Area Resource Centres (SPARC). We sought to create an organization which would make space for poor communities to focus on issues which concern them, to understand why they face certain problems and then to reflect on the solutions. Over the last ten years, through our alliance with Mahila Milan – a national network of women's collectives – and the National Slum Dwellers Federation (NSDF), we have used this approach to address many issues, including land tenure, shelter, employment and credit.

The way women living on pavements in the Byculla area of Bombay formulated their opinion on toilets illustrates our approach. We visited slums both with and without public toilets, and the few government-constructed tenement blocks in which each dwelling has an individual toilet. Through these site visits and numerous discussions the women arrived at an assessment of the status quo.

Less than half of Bombay is linked to sewers. In most slums the residents either defecate in the open or – in the few locations where they exist – use community latrines. Municipal maintenance is infrequent and poor, and the number of users per toilet is far too high. The toilets are dirty, uncared-for, overflowing and often unusable.

In slums without toilets people created makeshift arrangements which emphasized privacy, but not the disposal of faeces. In slums with toilets the number of users could be as high as 500 people per seat. Little children never got a chance to use the facilities when adult men were lined up waiting. In the government-constructed, multi-storey tenements, women were very unhappy to have an individual toilet inside their homes. In all the areas visited women had taken the drastic step of blocking it up. Many slums have low water pressure; toilets begin to stink, and since the tenement is only one room a dirty toilet next to the cooking area presents a serious health hazard. 'If we have to cope with a dirty toilet,' the women said, 'it is better that it is outside the house – we have other uses for that space'.

Having completed the rounds of other informal settlements, SPARC, Mahila Milan and NSDF began to develop their own views. They agreed a preference for community toilets with a ratio of one toilet for every 25 people – a toilet block of four or five seats could be shared by 20-25 households who would jointly manage them. The blocks would include separate seats for men and women, an outside open channel over which the children could squat and a flushing mechanism which would draw their waste into the main collection pit.

When we enter into dialogue with the authorities this is now the basic formula we present to them as the people's solution. It is not perfect. It is not ideal. And it is not permanent. But it represents a pragmatic solution which will make basic sanitation available to all the poor people in the city and establish a partnership between city authorities and communities.

The collective, hard-earned experience of SPARC, Mahila Milan and NSDF suggests that proactive dialogue must be properly prepared for by the participants. Each group must make a substantial investment so that it can come to the negotiating table with a clear sense of what is important to them and what is not, what contribution they can make towards the solution and what concessions would be acceptable.

In 1989-90 we surveyed slums in ten cities. We helped local city federations identify a core team of community leaders (men and women) who visited all their informal settlements. Almost invariably sanitation was identified as one of the most persistent and serious problems they faced. For example, in Kanpur, a city in the state of Uttar Pradesh in the north of India, the slum dwellers surveyed their area and found they needed 500 toilets. They suggested that municipal officials study their proposal and, if it were acceptable, construct a number of toilet blocks which the communities would then maintain.

We began training slum dwellers in other cities to organize themselves and to enter into dialogue with the municipal administrations. We also ensured that federations were able to visit each other's settlements to gain ideas and confidence. These types of support provided both capacity-building experience and tangible evidence – assets which helped their participation in the city's decision-making process.

We are now participating in a project in Bombay which will provide 20,000 toilet seats for one million people living in the city's slums. According to our data collection there are at present just 3,000 toilet seats for these people; 80 per cent of the toilets are not fully operational and need to be

torn down or repaired. Negotiations to explore how communities can be assisted to take on construction, maintenance and management of toilets are in progress.

We and the communities with which we work have come a long way in the ten years since women pavement dwellers first began to discuss the problem of toilets in their ideal settlement. As more and more communities, women and city officials co-operate they become more capable of refining the solution, adding new dimensions and adapting to different contexts. This improves the material condition of people living in informal urban settlements. But, more importantly, it is a process of empowerment and involvement. Once people start talking about toilets other things follow.

Sheela Patel is one of the founders and the current director of SPARC, which has available a number of publications about its work. Write to PO Box 9389, Bombay 400 026, India.

Mahila Milan is the name a group of women pavement dwellers from the Byculla area of Bombay gave to themselves in 1986. As these women began to share their views and ideas with women in other settlements, additional groups gathered together and adopted the same name. Now this network of collectives extends to 14 cities. Its main focus is to train women to participate centrally in community decision-making.

The National Slum Dwellers Federation started in 1974. It sought an alliance with SPARC in 1986 and has actively supported the development of Mahila Milan's network. NSDF was originally 100-per-cent male; today 50 per cent of its committee members are women trained by Mahila Milan.

SPARC, Mahila Milan and NSDF believe in the following problem-solving process:

- Start with the poorest, worst-off group. If a solution can be made to work for them, then it can be adapted to work for the better off.
- Those whose lives are affected are the best judges. They may not contribute all the elements, but they can identify the essential ingredients.
- Women remain the managers of communities at the daily level, yet when outside agencies come in, women are often sidelined as male leaders take over. Ensuring that women's collectives participate in the entire process is crucial for the development and sustainability of a workable solution

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Case Study 12: The Columbian Context

José Ospina

Conquest and colonisation destroyed the indigenous cultures of the Northern Andes and surrounding areas, just as thoroughly as it destroyed their villages. Some roots remain; and many see in the mutual aid housing practices of today a resurgence of native communalism. Most major cities were founded as administrative and military centres, ports for import and export, or both. Although independence in the 19th century represented a major social and economic change, introducing parliamentary democracy and relatively free trade, the dependent role other local economies did not change fundamentally from the production of raw materials for consumption in the more developed nations. Whatever industrial and household goods were required were usually imported. Urban population remained a fraction of the total. Bogota's population for example, estimated at 2.3 per cent of the country's total in 1700, had only risen to 3 per cent by 1928.

1930-50

The first significant wave of industrialisation came in the 1930s, as a result of the Great Depression which weakened the economically dominant nations of the West. Export crops lost their international market value, and importers were unable to secure foreign goods. Investment turned to local production, and light consumer industries sprang up or expanded. Several cities now hosted textile, brewing, cement and other manufacturing industries. The landowner-based Conservative Party was ousted from government (after 40 years rule) by a radical Liberal Party, which crystallised the demands of the new industrialists. The new government enacted legislation considered advanced even by today's standards. Working conditions were improved and trade union rights protected. Public housing was initiated. These changes helped to accelerate the growth of the urban areas, doubling Bogota's population between 1938 and 1951.

Housing was not usually a problem for the wealthy. They commissioned local architects (fresh from new architectural schools) to design European – or American-style houses. Cost was not a problem and the necessary materials were either produced or imported. Sometimes foreign architects were commissioned to design and supervise building. For those who could not afford to commission the building of their home, 'off the shelf' houses and apartments for rent were now available from small developers and landlords, who were making a modest start. The ownership of land was initially concentrated in the hands of a few families, but rapidly passed into those of private developers. The fact that labour was cheap and most materials plentiful meant that impressive homes could be built for those who could afford them.

The manual workers, domestic servants and the self-employed, did not, of course, enjoy the same 'freedom to build'. Not being able to afford the services of architects or builders they followed, the rural tradition of building their own homes. On land they did not own, or on land where building was restricted by planning laws, using their own labour and traditional materials and techniques (mud, thatch, etc) they sowed the seeds of today's sprawling 'informal' settlements. From 1928 to

1938 an estimated 2,791 informal dwellings were built in Bogota (out of a total of 9,772). From 1938 to 1950 the figure jumped to an estimated 25,705 dwellings, out of a total of 47,549 built!

The only notable alternative to the informal settlement was the *inquilinato* or rented lodgings in large houses usually in the centre of the city. These houses had once been occupied by wealthier families, but were abandoned in their gradual exodus to the periphery of the city. Now they were subdivided and low-income families crowded into single rooms with few sanitary facilities, while the condition of the buildings deteriorated through lack of maintenance and repair.

During this period of rapid urban growth, a struggle began between the rich and the poor for control of the central areas of the cities. In Bogota, for instance, the municipal authorities attempted to clear a central slum area known as Paseo Bolivar in order to make way for 'residential' development. Resistance was fierce, and although the clearance was eventually carried out, the authorities became less willing to undertake this type of operation again. Eventually, wealthier families abandoned the centre and south of the city, moving to the distant north. Low-income settlements expanded towards the south and east, where the majority of industries were based. Conditions in these settlements were bad, lacking sanitation, services and roads, construction being often deficient and planning non-existent.

Paradoxically, there was little real difference between the so-called formal and informal sectors. Both the rich and the poor found individual solutions to their housing problems, and both built extra housing for rent. The rich (who also made the laws) could afford to build houses that were up to legal, aesthetic and construction standards, but the poor could not.

The main alternative to this model was public housing. In 1928 legislation was passed requiring municipal authorities to invest 2 per dent of their yearly budget on 'workers' housing. Under: these-provisions; a municipal housing institute, Caja de Vivienda Popular; (Popular Housing Fund), was set up in Bogota and some initiatives undertaken in other cities. This first step in the direction of municipal housing was cut short, under a subsequent Conservative government, by the setting up in 1939 of a national housing authority, Instituto de Credito Territorial (ICT) – the Territorial Housing Institute. This new body aimed at the provision of housing for low-income families – initially only in the rural areas, but in 1942 its powers were extended to the urban areas. ICT had access to subsidised capital, and contracted works to private builders. The properties produced were then sold to individual families by means of low-interest-mortgages from ICT. The number of houses built was initially very small, geared towards public employees and 'key' workers. From 1928 to 1950 public housing initiatives were responsible for a total of 3,500 dwellings, as against 57,000 built by the private sector.

A less evident contribution by the State to housing provision at this time was the setting up of the Banco Central Hipotecario (BCH), the Central Mortgage Bank, which collected savings and investments and loaned for building and house purchase at commercial interest rates. The services of this body, however, were confined to higher-income groups, something which has only recently begun to change,

Co-operative housing also made a start around this time, providing homes for clerical workers and professionals at less than market prices. The Cooperativa de Habitaciones de Medellin (Medellin Co-operative Dwellings), for instance, on the basis of members' savings, and by employing their

own development and architectural staff, became one of the city's major housing developers. Co-operative initiatives were rarely evident in lower income sectors at that time.

1950-1970

The Great Depression and the Second World War had given the country a brief breathing space with respect to international financial forces, but this came to an end in the 1950s. Foreign investment poured into the country and gradually took over 'import substitution'. Financial institutions, banks and corporations gained a dominant role in production. Agriculture was increasingly rationalised (resulting in under-utilisation of land) and mechanised (creating more rural unemployment and migration to the cities). Rates of urbanisation rocketed. Urban population rose from 39 per cent of the total in 1951, to 63 per cent in 1973. Civil war broke out between ruling factions, leading to a populist military government in 1953.

Formal housing production passed almost entirely into the hands of developers, who had access to capital and large areas of land on the periphery of major cities. These developers often built directly, aided by an improved financial structure that made large loans available for development. With growing concentration of capital in the building industry, advanced building systems were introduced for the production of high-rise residential blocks. The majority of developers, however, continued to rely on conventional building methods.

Systems building was also used for the first time in public housing initiatives, in unlikely combination with government-aided self-help efforts. Government housing activity expanded rapidly, in response to political fears and popular pressure. From 1950 to 1954 ICT financed the building of 4,324 dwellings, more than the total it had produced in previous years. The military government was overthrown in 1957, and the new government pledged drastic action to avoid further social strife. From 1950 to 1964 a programme of social reforms was launched, under the banner of the Alliance for Progress. A major example of this drive in the housing field was the building of Ciudad Kennedy, a New Town of more than 80,000 people, covering 450 hectares of land outside Bogota. Half the dwellings were built through aided self-help, and many more through a combination of self-help and private contract. Apart from housing provision, a programme of community development was undertaken, with considerable success. Self-help improvement of informal settlements was also carried out (in Las Colinas, Bogota, for example), as well as in other places throughout the country.

One reform that was to have considerable repercussions in the development of low-cost housing in later years was the creation of a simple framework for community organisation, the Juntas de Accion Communal (JAC) – Committees for Communal Action. These community councils, which could be formed and registered under the 1958 Liberal government's Communal Action legislation, were small, democratically managed organisations, set up by local people with government support to undertake community development projects. They were co-ordinated and often funded by the Ministry of Government which also had a staff of regional promoters who helped set them up and develop projects. Although not intended initially to act as self-build organisations, in years to come many JACs took on this function.

Government housing performance during this time reached an all-time peak, and ICT alone built 84,829, dwellings, from 1960 to 1964, more than half through aided self-help schemes. By the 1960s, enthusiasm for this type of initiative waned, particularly towards the end of the Conservative government of Guillermo Leon Valencia. In 1965 only 2,399 dwellings were produced, and although yearly production levels rose to about 10,000 a year in subsequent years, they remained well below earlier levels. The housing deficit continued to grow, and by 1970 it was estimated at over half a million dwellings. The reason given for this cutback was the escalating cost of repaying inflationary foreign loans undertaken to finance these programmes, as well as an implicit political decision to rely more on the private building sector.

The informal sector meanwhile continued to grow, largely unaffected by these reforms. Not all the inhabitants of this sector were self-builders, occupying their own homes. A large proportion of these families rented accommodation, usually a room, from the owners.

1970-1982

After this brief period of reform the government returned to more 'realistic' policies. With the reduction of public investment in development, it decided to stimulate private investment to fill the gap. A system of index linking was introduced, leading to interest rates of as much as 30% p.a. This resulted in a rise in the cost of housing and land, the value of which in Bogota doubled from 1971 to 1977, and to a general rise in construction costs. Incomes did not keep up with these increases, and housing standards were reduced to almost uninhabitable levels.

At the same time government housing programmes relied more on private builders. Instead of aided self-help and similar methods, ICT turned to co-financing with private developers. In this arrangement, ICT would provide funds for construction; the private builder would provide technical services, labour and sometimes land. On completion of the scheme ICT would pay the builder for his contribution, and sell individual dwellings to families from their waiting list by means of subsidised mortgages. This arrangement was no more than a subsidy of commercial building and selling transactions, and in practice did not benefit people with really low incomes.

From 1970 to 1981 ICT production levelled off at about 20,000 dwellings-per year, at the same time as the official housing deficit was increasing, by at least 28,000 dwellings a year. In 1981 this official housing deficit stood at nearly 800,000 dwellings.

The informal sector continued its unrestrained growth. By 1973 59 per cent of Bogota's population was said to inhabit these areas. Conditions were generally poor – a 1974 survey showed that 617,000 dwellings lacked basic amenities. Having given up pretence of clearing or substituting this sector, State bodies turned their attention towards regulating and controlling it.

The Superintendencia Bancaria – or Superintendency of Banks – a kind of public watchdog over the operations of financial institutions, took a sudden interest in the activities of black market land developers – known as *urbanisadores piratas* (pirate developers) – who operated in the informal areas. These small-time entrepreneurs would sell land which was not theirs, or which was unsuited for housing because of physical or legal restrictions, to low-income families at cut-rate prices. In Colombia, most informal development is a product of these practices. New legislation and

planning norms were brought in to define what constituted legal settlements. Self-builders and pirate developers who failed to comply with regulations were 'intervened', and control of illegal developments handed over to a special agency of the ICT for 'legalisation'. In practice, the Agency for Intervened Settlements became a dumping ground for a growing number of settlements (about 200 by 1982), each one a tangle of legal and technical complications which made their legalisation next to impossible. Meanwhile the inhabitants of the settlement would find it difficult to get services, such as electricity, and infrastructure, since legalisation was not complete. In contrast to this, 'non-intervened' settlements were often able to secure these services faster by pressurising the respective service bodies directly.

Some of these settlements achieved a considerable level of popular organisation. In Bogota, a residents' organisation called the Comite Pro-Defensa de los Barrios Orientales (Defence Committee for the Eastern Neighbourhoods) successfully defended communities threatened by a road project for many years. The Central National Provivienda (National Pro-Housing Council) and the Movimiento Civico Nacional (National Civic Movement) also organised the inhabitants of some settlements and provided technical services for improving their conditions. Provivienda in particular has been involved in the formation and support of illegal settlements since the 1940s. A record of these struggles, *La Lucha por la Vivienda in Colombia* (The Struggle for Housing in Colombia) is currently available in print. Recently the organisation has moved away from support of such settlements to the promotion of legal self-build schemes.

Self-build in the 1980s

Partly through the application of official policies aimed at supporting the private sector, by the end of the 1970s living conditions had become so bad that major reforms were once again necessary to avoid more fundamental changes. In 1982 a coalition of several political currents, from traditional Conservatives to Christian Democrats, came together behind Belisario Betancur, a 'populist' Conservative, and ousted the Liberal Party from power. Betancur promised a package of reforms, aimed at creating employment and improving conditions through a programme of public works, which would also encourage commercial and subsidised house-building.

The programme entailed the building of 100,000 dwellings per year, financed from government and private sources. Before 1982, loans from private sources to self-help housing groups were unusual. Most private funding went into commercial building or more expensive housing. But in 1982, in order to ensure that loans would be available, the government decreed that 25 per cent of all investment placed by private financial institutions should be in low-cost housing, and recommended this be done through self-help and co-operative housing organisations. Although these regulations were flouted by most financial institutions (many of whom set up their own firms to build low-cost housing rather loan the money to the groups), they did result in some more private funding being made available. Because these loans carried high index-linked interest rates, groups' tried to minimise their use, funding the projects through savings schemes to avoid high financial costs.

The budget of ICT was also doubled, so that at least 36,000 dwellings a year would be built with subsidised funding. The rest would be built with funds, loaned, on a sliding scale of interest rates. At least half of these would be financially accessible to people with 'legal minimum' incomes or

less, who were more than half of the population. The majority of these cheaper dwellings would be produced through self-help, but not in the aided self-help pattern of the 1950s. Instead, loans would be given to non-profit and community housing organisations to develop their own projects. The rest would be built through the traditional co-financing method. With these elements, ICT was able to achieve its ambitious target, and 122,505 dwellings were financed from 1982 to 1984. The BCH financed an additional 40,000 dwellings through non-profit housing organisations.

The combined circumstances of increased housing need and minimal government support stimulated the creation of many nonprofits and community housing organisations. By 1982 it was estimated that there were 500 such organisations throughout the country, developing projects for about 80,000 dwellings,

The major problem facing these organisations was acquiring land. If the land was not squatted or bought on the black market (causing future legal problems) or had not been offered by a government body (very unusual), the only option was buy it on the over-inflated open market like any other housing developer – a situation made worse by the accelerated devaluation of the peso. For example, the value of the peso in relation to sterling had, by 1987, dropped to nearly half of its 1984 value. Through the setting up of savings schemes within the housing groups (something which legislation allowed), enough could be accumulated to make a down payment on a plot of land. This land could then be used as collateral in securing private or government finance to design and build. While this was going on, the future user could continue making regular payments, as well as contributing his own labour to the project, thereby reducing building and financial costs.

Access to subsidised funds remained limited to a few selected organisations. There were a few other ways of raising the money necessary to buy land on the over-inflated open market. Some employers, trade unions and mutual aid societies gave their members small loans with fixed interest rates, but these were usually only enough to cover a down payment on a house. Legislation also allowed for accumulates); employees' pensions to be released to finance housing; but this involved a considerable amount of red tape.

Housing organisations

Popular housing organisations in Colombia fall into three main types, according to their origins. First there are housing cooperatives, set up under legislation dating back to the reforms of the 1930s. These have not usually appealed to low-income families, requiring a certain level of income and professional skills to operate successfully. However, some co-operatives have developed much middle-income housing over the years, and provided a model for recent self-build co-operatives for workers.

The most usual type of housing organisation, however, is the already-mentioned Junta de Accion Communal, set up under the 1958 legislation, formed by local people, and co-ordinated and funded by a section of the Ministry of Government called DIGIDEC – the Directorate for Community Integration and Development.

Both these types of housing organisations involve some degree of government supervision and control. This fact has worried many, who feel that this dependence leaves them open to political manipulation, and prevents the organisations from really fighting for their members' interests. For this reason a third type of group has become popular, the independent foundation, association or corporation, with no official links of any sort, but set up on the initiative of trade unions, religious or political groups. Some of them have been set up by housing campaigners and professionals, who see them as a better way of providing low-cost homes than either pressure group politics or government programmes.

Despite their dissimilar origins, many of the organisations had similar methods and objectives, and attempted to use the resources available directly from communities, as well as those accessible through legal channels. In Bogota (and later in other cities) their work was made easier by the introduction of 'minimal planning norms', which allowed for low-income settlements to be built (and receive planning approval) in three stages: site and services; basic living unit; and finished dwelling. Relaxing restrictions in this way allowed self-build groups with even minimal resources to carry out their projects within a legal framework.

The Self-Build Regulations, published by the Superintendencia Bancaria, also helped legitimise the activities of the groups. These defined the requirements of legal self-build projects, and brought them under the official scrutiny. The advantage gained was that groups which met these criteria (which was not difficult) could operate openly as legitimate housing developers.

Although these moves did not represent an integration of organised self-help within official housing policies, it did give these groups a measure of recognition and some space to manoeuvre, allowing for the development of many valuable projects.

A survey carried out in November 1986 by government and university organisations identified 522 housing organisations carrying out projects involving the building of 89,990 homes. The projects were more or less evenly distributed throughout the country but were obviously concentrated in the main urban centres. By 1986 these organisations had handed over approximately 28,595 serviced sites, 2,175 basic dwellings, 8,664 dwellings for gradual development and 1,906 finished dwellings, as well as improving 500 more.

Of the 522 organisations, 133 were JACs, 171 were foundations or associations, 83 were co-operatives and the rest were either registered in another way (e.g. as trade unions or diocesan boards) or not at all.

Recent developments

Given the size and scope of this movement, various attempts have been made to co-ordinate their fragmented activities, and to create a national co-ordinating body that could represent them. A first attempt was made in the 1960s to bring together the co-operatives formed with Alliance for Progress support under a Federation of Housing Co-operatives. But the official change of policy regarding co-ops aborted the attempt. More recently, in July 1982, DIGIDEC organised the First National Congress of Self-Help Housing Organisations, bringing together mainly JACs carrying out self-build projects, and in October 1982, the National Federation of Popular Housing

Organisations (Fedevivienda) was formed by several independent housing groups throughout the country. Later that year a government-backed parallel organisation, the Colombian Chamber for Self Managed Housing (Construyamos), was formed. Apart from these a number of heterogenous regional and national bodies have sprang up, attempting to co-ordinate and represent the different groupings. Thus in 1983, while Fedevivienda had 22 affiliated bodies (mainly large associations), Constrayamos was said to have 66 (mainly JACs), a co-operative committee in Cali had 25 affiliates, a federation in Cundinamarca had two dozen more, and so on. This lack of a single co-ordinating body made the possibility of developing a strong movement, able to voice its own demands, more difficult.

Subsequently, the Conservative government of Belisario Betancur declared 1984 the 'Year of the Self Builder', and sponsored a number of joint activities (such as a National Exhibition of Projects) which were instrumental in focusing official and public attention on the movement.

Ironically, one of the main legislative steps taken by the Betancur government with respect to self-help housing groups was a negative one. Towards the middle of 1984 the Superintendencia Bancaria produced 'Regulation 052', a decree which was supposedly aimed at defending the individual members of self-help housing schemes. The regulation made it compulsory for self-help housing organisations to repay individual members who decided to withdraw from projects their total financial investment plus interest, and the nominal value of their self-help input, within a period of four months. This measure, which clearly had individual but not collective interests in mind, could bankrupt small self-help schemes which did not have reserves to pay members who decided to withdraw. A campaign against this measure was launched by Fedevivienda, gaining the support of the other federations, which succeeded in getting the legislation suspended

In August 1985 Fedevivienda joined with other housing bodies in the country's first 'Unified Housing Congress'. Participants included Construyamos del Valle, a break-away group from the government-sponsored federation, the Movimiento Civico Popular, Provivienda and a national tenants' association. Representatives from 350 organisations attended, representing about 100,000 families. Apart from a first exchange of ideas and experiences, the Congress set up a 'national co-ordinating committee for popular housing' which is still meeting and campaigning jointly.

In 1986 a new Liberal government under Virgilio Barco was elected. The new government has a radical housing policy, which includes new measures to support the self-help housing movement, particularly, those schemes aimed at persons with the lowest incomes. Under the slogan of 'creating popular power', the new government has pledged itself to:

- Streamline the legal and technical framework, so that organisations can develop their programmes without bureaucratic obstacles.
- Make subsidised funds available through the Instituto de Credito Territorial and the Banco Central Hipotecario, so that these organisations can successfully complete their programmes.
- Make technical assistance available through SENA (the government's national training organisation), so that these projects have the benefit of professional assistance.

Municipal authorities will also be encouraged to make land and services available for these projects, in order to complete about 90,000 dwellings by 1988.

It is evident that the new government will try to go one better on the limited support given by the earlier Conservative administration. But many things remain unclear. Government house-funding institutions are presently facing bankruptcy, and it is difficult to see where the money to support all these projects is going to come from. It is also difficult to see how land is going to become available, unless strict measures are taken to curb private land speculation. Also, with funding and technical assistance dependent on government bodies (rather than accountable secondary agencies), it is unlikely that these projects will be allowed much autonomy.

Whatever happens it is evident that the self-help housing movement is becoming stronger, and more able to influence government policies and obtain resources. But it is unlikely that this influence will go beyond minor concessions, unless its organisers succeed in uniting the many fragmented local initiatives into a truly representative, autonomous national movement.

Summary

Self-build housing is nothing new in Colombia. It has been the main way in which low-income families have housed themselves since pre-industrial times. The rich have built their own homes, by contracting professional architects and builders, The poor have done it by squatting land, or buying it on the black market and building for themselves, employing skilled help wherever they could afford it. Both groups have also provided housing for rent, to people with more or less their own income level. The difference between the private formal and informal sectors has been more a question of income, rather than any fundamental difference. The rich have more say in the making of laws and can afford to stay within them. The poor cannot, so their housing is illegal.

The only major change to have taken place in this sector during this century has been the assumption of the financing of middle and upper income housing by financial institutions, and of development by large private builders. This has not been the case with low-income housing, which has continued to rely on the traditional (pre-industrial) self-build principle although gradually introducing industrial materials in place of vernacular technologies.

The State has not intervened to formalise, or to take over funding and development of housing for this sector because it lacks the resources to do so. Instead, it has limited its role to supervising informal development from a distance, only intervening when important principles are at stake. Although some government provision has been evident, at a very low level, this has been little more than a token supply of houses for better-paid workers, and mostly based on subsidising the private building industry and subsidising home purchase. The vast majority of low-income people have continued to rely on informal housing, as owners or tenants, or on the inadequate formal rented sector.

Neither Liberal nor Conservative parties can be wholly identified with public housing provision, since both have expanded it and cut it back at different times, according to their particular political interests at the time. Public housing has only really been pushed forward, by either party, at times of potential social upheaval. First in the 1930s, when it was introduced, then in the 1950s under

the Alliance for Progress reforms, and again in this decade. In the 1930s the principle got no further than good intentions. In the 1950s, thanks to a large influx of dollars and aided self-help some progress was made, but abandoned under pressure of the inflationary consequences of these loans. In the 1980s, lacking massive US loans, the government has had to rely increasingly on the contribution, of the self-help movement, thereby giving that movement a quasi-governmental character, which has further stimulated its development.

Popular housing organisations represent a sort of advanced informal sector, or, seen from another perspective, an attempt to create local-state welfare organisations to provide for social needs (in the absence of local authority machinery to fulfil this function). They rely on primarily local resources (savings, self-help labour, etc.) to achieve this aim, rather than on public or private capital. Realising the constructive potential of these organisations, the last Conservative government sought to harness them to its 'official' housing drive, by using them as a channel for subsidised and unsubsidised funds, in order to build a large number of houses at a cast-level that private builders would not attempt. But the actual subsidised resources, or for that matter the technical assistance made available for these initiatives, have been minimal (particularly in relation to those going to the private building industry for more expensive housing). Definitive measures to encourage popular housing organisations, such as a realistic fixed budget or the compulsory purchase of speculative development land for use in such projects, have, so far, been avoided.

A new Liberal government has pledged itself to improve matters, by promising a four-year programme of subsidised funding and technical assistance for these organisations, aimed at finishing nearly 90,000 dwellings by 1988. Whether they will deliver the goods remains to be seen.

Lacking any direct political influence on the government (or even an indirect one through a strong trade union movement) housing organisations have so far been unable to gain major concessions from the State. Their strategy for changing this is to form an organised pressure group, with a clear programme of demands, and wide-ranging links with all parties.

The task has been made harder by the dependence of many organisations on political patronage and State funds, which makes them prone to manipulation, and perhaps by the general underestimation of the potential of the movement. However, unless these obstacles are overcome, and some sort of consolidation achieved, it is unlikely that the co-operative movement will ever develop into a primary source of 'popular' housing.

Commonwealth of Learning Executive MBA/MPA

SC1: Public Policy

Tutor Guide

Course Developer: Michele Fromholtz
Lecturer in Public Policy and Management
School of Management
Charles Sturt University
New South Wales, Australia

Course Editor: Mary-Ev Anderson
Vancouver, Canada

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The Commonwealth of Learning
1285 West Broadway
Suite 600
Vancouver, BC V6H 3X8
CANADA
e-mail: info@col.org

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Course Summary and General Teaching Strategies

Introduction

This Tutor Guide is prepared to assist you as a tutor to teach your students and to mark their work. The two main aspects addressed in the Tutor Guide are:

- addressing the ways in which the specified course objectives can be met.
- providing guidance on assessment for students.

Course Summary

The following course summary is provided in the course book but is repeated here for easy reference. Depending on individual circumstances and approach, the hours indicated here may vary. They are intended as a guideline, though it should be noted that the total course time for any given participant will be approximately one hundred and twenty hours; that is time to work through the seven blocks and tutorial activities as well as to prepare, write, and redraft assessment items.

Block	Reading	Self-Assessment Activities	Assignments	Total Time
1. Case Studies in Policy-Making	6	2	1	9
2. Understanding Public Policy	11	3	4	18
3. Public Policy-Making: Contextual Settings	11	3	5	19
4. Policy-Making Process	11	3	4	18
5. Policy-Making Networks and Influence	11	3	5	19
6. Optimal Policy-Making	11	3	5	19
7. Policy-Making: Contemporary Issues	10	3	5	18
	71	20	29	**120**

Public policy is a very broad field of academic study, crossing many traditional academic disciplines, particularly political science and economics. There is no limit to the wealth of knowledge that can be drawn upon to understand public policy-making. The body of material presented in the **course book** is extensive but by no means comprehensive. As indicated below, you should feel free to **introduce other material** if it contributes to the accomplishment of course objectives and assessment work.

General Teaching Strategies

There are extensive notes for the students to **read**. They should be encouraged to undertake the **Self-Assessment Activities** since these will assist them to **reflect upon** the material they have read and to **test their understanding**. The activities will also encourage them to **apply** the concepts to their own personal experiences—whether they work in a policy area or are citizens concerned with the public policy of their nations. The case studies, particularly, will allow them to learn about specific cases that can be shared so that individuals, tutors, and/or groups can collectively and mutually develop their own understandings of public policy.

Students will undertake the reading in a self-study fashion. However, the content of the blocks can be the basis for individual reflection and assessment, as well as group discussion and extension. Group work particularly can be used to encourage the widening of each others' perceptions and sharing of additional knowledge. The Self-Assessment Activities, cases, and focus questions could easily form the basis of such discussions.

Critical Method

You should encourage students to be critical in their reading and analysis. There is some comment on critical policy evaluation in Block 1. The essence of being critical is that students should look for and comment upon some or all of the following in any case, theory, policy application, etc:

- strong and weak points
- advantages and disadvantages
- assumptions
- deduction or induction of arguments
- theoretical underpinnings
- sequence of events
- supporting evidence (references, facts, statistics)
- sufficiency of information

Academic study requires more than simply recounting of theories or concepts. Students should be willing to make sound comments and present their own, well-argued opinions. Not only should they evaluate any piece of academic writing using the sort of criteria listed above, they should be willing to reflect upon their own writing and redraft it according to the same or similar criteria.

References and Further Reading

Extensive lists of reference material have been provided. Each block in the course book has a list of **Further Reading**. The lists have not been kept to a 'manageable' minimum simply because it is not clear what books may be accessible in your study environment. You may wish to examine the lists and indicate to students those references that are most likely to be available and/or are best suited to their needs. You may also have the opportunity to suggest others.

Each block has its own list of **References**. The course book also has an extensive overall list of **References**. While the list, of course, is there to indicate the range of

books and articles used in the writing of the course book, it can also be used as a resource. You may feel it would be appropriate to suggest a smaller reference list from this and other accessible sources. If you are familiar with the books you are referring to then it might be appropriate to recommend the most useful ones on your list, and/or to provide an annotated commentary on some of them

Finally, you will notice that the age of the books ranges from quite dated—some are from the 1950s—to much more recent. Typically, the oldest have been included because they are key or seminal publications in the policy area. Some are included because the nature of their contents is not out of date. Though the books might seem old, the theoretical positions they present are still valid or useful for comparison. Here too you may have the opportunity to identify other more recent and/or more locally relevant books for your students.

Overview of Blocks' Content

Focus Questions

Focus questions are provided to help participants focus on the main issues of the blocks and to stimulate them to find answers for these questions in their reading. In many ways they simply reflect the block content and block objectives. The questions might also encourage students to ask their own questions and to reflect at the end of the study of each block about what they have learned. Ultimately, the questions do not have easy, direct answers; in fact, they are about stimulating thinking and increasing students' ability to find their own answers.

Block Objectives

The objectives provided in each block are replicated below. An ongoing table is used to list the key points associated with each objective and to indicate where these points are addressed in the course book.

Self-Assessment Activities

As discussed in the introduction to the course book, Self-Assessment Activities take more than one form, mostly review questions. Some suggested guidelines and responses are tabulated below.

Occasionally in the Self-Assessment Activities, suggestions are made to complete charts or develop diagrams. In classroom situations the latter may be particularly useful for students. Groups could complete charts and/or develop their own diagrams in a process of discussion and debate. Such activity helps to stimulate ideas and develop knowledge through exploration and testing of understanding.

These comments notwithstanding, students should be able to complete all activities on an individual basis, through self-study or for individual comment in classrooms.

Case Comments

To assist students in their learning, details about the cases are provided in most of the sections from Blocks 2 to 7. Summary tables of these on a case-by-case basis are provided below to help to pull all the comments for each case together to assist you. The cases are presented in different styles and cover different topics. Some of the cases are more extensively used as examples than others, for reasons of the author's interest.

In class activities, depending upon your purpose, you could get students to explore in detail one of the cases which is less extensively covered or have them look at the others for different perspectives or to highlight things overlooked in the case comments.

Specific Blocks

Block 1: Introduction To Case Studies in Policy-Making

Block 1: Objectives

On completion of the block, participants will be:	Key Points	Block Section
Prepared to analyse case studies in terms of the theories, concepts and approaches explained in the other blocks	Each individual case can be subject to the ideas presented in Blocks 2-7 though obviously some concepts will apply more strongly in some cases. It is to be expected that there will be opportunity for diverse issues/concepts to emerge in the range of cases.	Entire block & course
Able to compare case studies with each other and with other policy cases known to you.	Comparison with each other or a personal stock of case knowledge is also valuable.	Entire block & course

Block 1: Self-Assessment Activities and Case Studies

Self-Assessment in this block relates to the case studies—to reading them and doing some analysis based on the guiding criteria given in the block. The point of the block is to set up some case knowledge that can be pedagogically used as the basis for learning—applying the theories to a known context. Students should read and become familiar with the cases, and also attempt some preliminary analysis as indicated in the Self-Assessment Activities.

Self-Assessment Activities

At this point you might like to your work, or your personal circumstances. Use these as the basis for comparing with the policy practices that are identified in the following cases.write down two or three policy areas that particularly interest or concern you. They may be policy areas that you are involved in because of

Think also of what your personal views are about the areas to be studied in this block—health, education, energy and telecommunications. What is happening in these policy areas in your country? Keep on track with any developments when reading daily newspapers.

Using one of the case studies provided with this course book use the methods above to do a brief analysis and evaluation of the case. Add also a brief summary.

(You don't have to do a thorough written report, but attempt to look for the various elements described above).

Using the questions provided in Table 1.3 attempt to answer some of the questions in relation to one of the case studies provided in this course book.

(You might like to consider the same case that you looked at for the previous exercise to see if these questions shed any new light on the case or choose a new one to take a fresh view).

Don't forget that you should read all the case studies so that you can follow through on comments made on them in subsequent blocks.

The case studies are selected to cover the range of areas covered in the course and also a diversity of cases. For instance, different countries are used with some cases offering comparisons. Different policy areas give some cross-section of policy interests and the nature of different policy areas. One case is presented from a private sector organisational context but provides a sense of how the public or an organisation might call upon government action. No set of cases will ever cover the full range of policy applications and possibilities and students should be encouraged to read cases and or share them with fellow students. If this is not possible, some personal reflection upon them is valuable.

Reference is made to the cases within the course book (in the Case Comment). **Therefore, it is important for students to read them at the beginning of the course if they are to gain maximum benefit from the information provided in subsequent blocks.** If you have particular case studies that you would like the students to concentrate on it is useful to tell them this at the outset.

You should be encouraged to provide local case studies for analysis, and also for comparison with those included in the course. It is important to emphasise to students that not everything can be covered in a case, and that that critical analysis is essential.

Some particular points and questions, where relevant, relating to each **case are provided below.** These are designed to give you, as tutors, **extra prompts to stimulate discussion** about the cases though students should be able to see all or most of the issues themselves. Importantly, these comments suggest which cases might be better as comparisons or those that may lack sufficient information for a full assignment analysis. You will be required to provide a different case study, suggest one of these case studies or ask students to undertake their own case study for Assignment 2.

Summary of Case Comments

Case 1: Health

Mohan, J. 1990. Health care policy and the state of 'austerity capitalism'. In *The state in action: Public policy and politics.* J. Simmie and R. King, eds. London: Pinter.

Case Comments	Block Section
This study's interest lies in its comparison of the policy content of various countries.	2.2.3
Britain's health policy is contrasted with that of the US, with the conclusion that both countries have some difficulty getting major policy shifts to occur (due to the political structures of the countries) (p. 84).	3.2
This case indicates that the US system of government has been designed to 'make quick and radical policy shifts difficult to carry out', especially because Congress can put a check on presidential power (p. 84).	3.4
The difference that the structure of various levels of government can make in a single policy area (health) is contrasted between Britain, which is highly centralised and the US, which is very decentralised and dispersed. It is worth looking at some of the implications of these differences in terms of responsibility, accountability, and effectiveness, and diversity of provision.	4.4
The medical profession is clearly a stalwart of opposition to many health policy changes. Note the comment, 'the extent to which any state is able to confront, cooperate with or defeat organised special interest groups is a key index of the state's autonomy' (p. 87). The medical profession is seen as one of the most powerful, best-organised and well-connected interest groups (p. 87). British doctors played a significant role in making final decisions about resource allocations largely due to their professional (clinical) expertise (p. 87).	5.3.4

Case 2: Education

Edwards, M. 2001. Paying for a university education: HECS and not fees. *Social policy, public policy: from problem to practice*. Sydney: Allen & Unwin.

Case Comments	Block Section
The HECS policy in this case is clearly a purposive action by a national government. It was actively pursued, and several actors with varying values were directly involved and later affected. Whether the policy was structured and orderly is arguable, as it seemed to evolve; its goals were defined in loose terms, although with specific political intentions (which challenged even the political party presenting them). Earlier in the process there were policy statements such as the Green Paper, and later the policy was legislated.	2.2.1
It is arguable whether the policy instrument was ultimately to be called provision (of the educational service), distribution, subsidy (in terms of the discount for early payers), or delayed payment (for low-income earners). It did become law, but sometimes policies do not fit clearly into one category or another.	2.5
There is evidence of a lot of appraisal in the case, involving research on overseas cases (p. 114), on the earlier policy (HEAC), and 600 submissions for the Green Paper, although Gregory seems to think the committee did most of its own thinking—'we were a bit of a backroom committee' (p. 120).	2.5.3
While the policy might have taken some work to develop, implementation was relatively simple once the policy was acceptable to those who needed to implement it—the Australian Tax Office. Not mentioned in the case is the wider impact of implementation as universities themselves must keep records and provide them to the Tax Office in order to know what debts are being incurred by students.	2.5.5
Evaluations of the HECS policy have been conducted and are discussed on pages 132-134. .	2.5.6
As a useful section of this case some of the key players are listed on page 106. Also note that the Australian Tax Office had a clear view of its role that it did not want to move from—collecting taxes, not debts. As it turned out, it had already done this in the past (pp. 127-129).	4.2.1
Note the relative power that a single individual managed to wield to have his viewpoint considered. Allen Mawer took an opportunity to suggest an idea to the Minister. Even an individual (albeit one in the Minister's office) can influence policy (p. 110). 4.2.2	

The minister (Dawkins) was pivotal in introducing and driving this policy item. Even so, he could not achieve it on his own either in terms of his own capacity or in terms of the need to get political support from the permanent executive and his political party (including those in Parliament—caucus). He was not involved on a day-to-day basis but did appear to have someone keeping him informed(David Phillips) (p. 105).	4.3
Senior bureaucrats were selected to be involved in policy formulation—but only those who be unlikely to support existing education policies. The minister opted for senior bureaucrats who understood the labour market and the need for linking education and employment (p. 103). Additional expertise was recruited from the ranks of academics. There was a concern that the bureaucracy would not support the policy, so efforts were made to keep them involved sufficiently through a secretariat to achieve consensus (pp. 104-105). The senior bureaucrats in the Australian Tax Office (ATO) were resistant to the policy for what turned out to be an unsupportable reason, because they had not been bound by their cited principle in a previous case. This is an interesting example of how a determined group can resist the direction of policy development. (pp. 127-129).	4.4
In this case the political party is important because Dawkins had to convince his political party—the Australian Labor Party—to change its political platform to accommodate his proposals. The party certainly held power although in the end it was readily convinced of the proposal (pp. 122-123). A party's policy statement or preferences actually has quite a potent effect on what its caucus can do in government.	5.3.1
The HECS policy progressed without too much opposition but there was concern about interest groups with care taken that the 'specific proposals would stand up to scrutiny by the interest groups most likely to be critical of change' (p. 112). In the end, opposition came when the policy was finally released and the decisions about financing the policy were revealed. Strongly in opposition were the National Union of Students (NUS) and its vocal Vice-President Kiri Evans. She spoke extensively against the funding arrangements (p. 121 and p. 127).	5.3.2
Note the clever use of 'reform-minded' university vice-chancellors (the purple circle) to get people on-side of the policy (p. 120).	5.3.4
There is a brief section in this case devoted to the press, which seems to demonstrate fairly even-handed coverage of negative and positive comments (pp. 125-126).	5.3.5
Rational decision-making processes are apparent in this case, although there is much evidence of other, less clear policy-making processes. The policy was a clear change from existing policy, a radical change introduced by the relevant minister (Dawkins). There were many articulated aims, including development of a user-pay system, improvement of economic performance, and increased international competitiveness through enhanced skill levels (p. 101). Task forces and	6.2.1

working committees were established to think through the issues in the best way possible (pp. 102-106). Discussion papers were prepared to elicit further comment from the wider public. See the list of alternatives considered on page 118 along with the criteria used. Alternatives were ranked by a set of criteria. If it were not for some of the occurrences in this case (see other Case Comments) one might think it was a perfect example of rational decision-making.	
Details of this case point to the fact that it does not display the features of incremental approachs described above. Rather than involve a lot of small incremental changes in response to immediate demands from a range of participants, it was aimed at introducing policy change that was rather radical and enduring. The policy-makers were not just trying to vary the status quo, but rather were moving towards a new status quo.	6.2.2
The author of this case paints a clear picture of what she thought was interesting about the case, including the comments: 'effective policy-making requires an artful mixture of process, people, politics and analysis' and 'these people variously contributed drive, political judgement and public persuasion, ideas and theory, rigorous analysis and an understanding of administrative practicalities' (p. 135). These seem to suggest that there is room for 'artful judgement'. Certainly some of the players on the committee and task force as well as the minister himself had appreciative systems that could foresee where resistance and problems were likely to occur.	6.4.1
It appears that Dawkins had an implicit favourite in this case. The desired ends were strategically concealed so that a more rational process was seen to be occurring. Whether this was intentional is difficult to say, although at least one interpretation would say that it was.	6.4.3
One of the key issues that kept emerging regarding the HECS policy was equity', which is clearly related to the idea of distributive justice.	7.2.1
There is an interesting issue of transparency that might not have occurred in the policy process but which seems visible in the author's account. The case shows some 'behind-the-scenes' dealing and thinking that is not so unusual in policy-making though it is uncommon to see it openly written about. The policy produced a method of payment for education which also has relative transparency—students know how the scheme works and how to calculate their costs. However, it does not appear that this was an explicit part of the policy as it was formulated.	7.2.3
The Green paper (or 'discussion' paper) was put out providing a clear position about what was intended, but allowing for submissions—to get some comment on how this broad proposal should work (p. 108). It didn't really encourage the exploration of many options (p. 108) and completely omitted the matter of funding policy options(p. 109) thereby avoiding some contentious objections early in the life of the policy (p. 109).	7.3
The HECS policy formulation emerged from an economic efficiency	7.4

issue—increasing numbers of students could not continue to be educated without a fee being exacted. There was also a desire to control government resources so they could be predicted (p. 100).	

Case 3: Energy

George, S. 1991. *Politics and policy in the European Community*. 2d ed. Comparative European Politics series. Oxford: Oxford University Press

Case Comments	Block Section
Government organisations such as the national electricity suppliers in several European countries also resisted deregulation due to their vested interests in their own futures as organisations (p. 132).	4.4
This entire case is about inter-governmental relations in the European Community and efforts to develop common policies for that community (in many cases having to dismantle national policies or strategies to do so; e.g., the dismantling of national price controls, p. 116). In other aspects some national issues remained sovereign. For example, it was found that there was 'no obligation to share technological information where national security was involved' (p. 121).	4.7
In this case, vested interests such as the oil companies blocked the desired common energy solution. These companies wanted to avoid European Community regulation and were given a voice by the Dutch and the British (p. 132).	5.3.4

Case 4: Telecommunications

Boskin, M. 1996. Guidelines for reform in telecommunications regulation. In *Leading economic controversies of 1996*. E. Mansfield, ed. New York: Norton.

Case Comments	Block Section
One only needs to look at the footnote on page 50 of this case to see that it is an excerpt from the Economic Report of the President. (Note that the summary and questions at the end are part of the structure of the book in which the case was included, rather than part of the Economic Report.) As such it emerges from a key player in the government and is a supporting document of what that player and his office want to do. It is an intentional statement covering a broad policy area. It is a carefully worded reflection of the President's opinion (although realistically we would expect that the President's opinion as expressed in such documents is broader than his real expertise). Policy opinions emerge	2.2.1

from a range of supporting executive staff who are appointed and selected both for their expertise and their political persuasion. Within the case, at least two specific pieces of legislation are mentioned—the Cable Communications Policy Act of 1984 and the Cable Television Consumer Protection and Competition Act of 1992 (p. 57). These two acts, while both relating to cable communications, have clearly different foci.	
Most of the telecommunications of a country may be provided by private sector organisations, but government clearly wishes to intervene, whether through regulation, court decisions, or control of market mechanisms. The arguments about competition and deregulation in the case illustrate that some analysis is occurring. Government is feeling its way along in this policy area, both practically and ideologically. The boxed case on page 53 of the case study reveals a complex web of private sector providers.	2.2.2
This case is clearly one of policy advocacy. The writer of the President's Economic Report is stating a position—presenting the political opinion of the politician. This does not mean that the policy is not based on evaluative and rational analysis, but one needs to be clear about whose voice is being heard, how objective it is, and what purpose it is trying to achieve. The ideological position of the writer is clearly stated on page 52—'government regulation, and not economic factors, may be the real bar to competition in those markets', and 'competition is superior to continuing rate regulation'. Keep in mind that some people or groups might take a different position. Also, there is advocacy represented on page 54 where the report states that 'financial interest and syndication rules are unnecessarily restrictive', referring to broadcasting networks, and that the rules should be eased.	2.2.3
Two government objectives being pursued in this case are the maintenance of competition through deregulation and the resolution of conflict—through court decisions. Note that a natural monopoly is a cause for government involvement, so there is some pressure against deregulation. There are contradictions at work: the ideologically driven tendency to maximise cost efficiencies, diversity, and innovation, and the desire to protect consumers against the negative effects of such competition. Cross-subsidies and direct subsidies are ways of doing this (p. 52).	2.3
There is evidence of cross-subsidies and direct subsidies being used in this case to protect the consumer during the transition to deregulated telecommunications (p. 52). At the same time there is concern demonstrated to regulate that subsidisation (along with other aspects of telecommunications) so that only those who were intended to benefit would do so. This reveals an element of regard for equity in the policy area.	2.5.2
This American case reveals much more than telecommunications policy. Remember that this case is an actual economic report of the President,	3.4

or at least of his office. It is not a report of the Congress, which makes legislation, but rather of the President and the executive. While the President does not legislate, he is highly influential in shaping policies and taking them to Congress for approval. Thus this case represents a strong political document in its context. Note the criticism of the government's regulation of the electromagnetic spectrum on pages 54-56 and how it impedes competition. This document is an expression of the President's will to shape and influence this problem and to get Congress to pass his amendments.	
There appears to be competition for licenses from the FCC. A very clear political statement is given to argue against this on page 55. What is telling about this comment, from a power perspective, is that a government agency that is there to carefully assign the benefits of government distribution (allocations of bands of the electromagnetic spectrum) is subject to pressure through the vast array of requests and applications it receives. While it might not be overtly political, there is every chance that power is used covertly and that having the money to invest in pushing forward an application and producing the best documentation might win the day in terms of political outcomes. The case argues for a straight auction which still has financial power but at least removes other complexities from the process.	4.2.2
Values (though not perhaps unpopular ones) are revealed on page 52 with the statement that 'competition can lower prices and increase the diversity of available services'. It is clear from this statement that lower prices and diversity are seen as important and good. Protection of consumers is also a value articulated in the heading on page 52. Having such values firmly residing in the minds of policy-makers could mean (as the diagrams in this section suggest) that they fail to see other solutions and options. Note also the comments about the FCC's discretion in setting the terms of use for the electromagnetic spectrum—and thus setting priorities. The FCC 'is not well-suited to judge whether, for example, paging systems have a higher social value than taxi dispatching'. (p. 55). Indeed, despite its legitimate role in setting these terms, the FCC itself recognises that it is not well suited to assess the relative values of the options.	4.2.3
The author of this case clearly establishes that the courts are important players in the telecommunications policy area in the USA (p. 50) with reference to some legal cases that have influenced resulting policy. For example, the Federal Government's antitrust case against AT&T led to policy changes to disperse the distribution of power and control in telecommunications (p. 51). Other cases meant that monopolistic telecommunications suppliers (i.e. AT & T) could not require their customers to buy equipment from their subsidiary manufacturing companies. In essence, customers were obliged and limited to using only certain equipment for telecommunications and the company that sold them therefore had a monopoly on price, as well as design and quality. The courts also opened long-distance markets through a series of decisions in the 1970s (p. 59).	4.6

Looking closely at the amount of coordination needed in telecommunications reveals a complex web of responsibility and control between federal, state and local governments (see p. 51 for a preliminary breakdown).	4.7
The influence that businesses can have on policy-making is demonstrated when the effect that major players can have on a government's regulations is discussed—'businesses protected from competition can use the political process to prevent entry to new competitors, while at the same time demanding freedom to enter other markets' (pp. 54-55).	5.3.4
Other levels of government operate alongside the federal government. Thus, while there are problems with the way the current telecommunications policy works in relation to supply and innovative development of equipment, other states use incentive regulation that help to alleviate the problem (p. 57). Thus, state governments can undertake policy that counteracts or complements federal policy. States also approve competition at the level of local service providers (p. 58).	5.3.6
While perhaps not fitting neatly into Etzioni's model, there are some variations to policy discussed in this case that show incremental adjustment. For example, the FCC modified its rules to allow local service providers 'to interconnect their private lines with the interstate facilities of local telephone companies' (p. 58). In other respects, the case probably demonstrates more radical departures from existing policy, or suggestions for more radical departures, that might be the result of more extensive appraisal and wider scanning for ideas. The emphatic suggestion to remove some provisions from the 1984 Cable Act might be a case in point (p. 57).	6.4.2
Universal service is definitely an argument for base level distributive justice for all citizens. While competition is valued, there is an ethical position that everybody should at least have a basic level of service at affordable rates (p. 58).	7.2.1
The pressure for deregulation of the US telecommunications industry is part of these economic pressures. The belief is that monopolies, even those we once thought of as natural monopolies might not make economic sense and can lead to increased prices, reduced efficiency, and lack of diversity and innovation (pp. 51-52).	7.4

Case 5: Bhopal and the call for public intervention

Buchholz, R. A., W. D. Evans, and R. A. Wagley. 1994. Union Carbide: Chemical dangers. In Management responses to public issues: Concepts and cases in strategy formulation. 3d ed. Englewood Cliffs: Prentice-Hall.

Case Comments	Block Section
This case is almost entirely about a private company and the damage it caused. It falls less clearly into the zone of public policy, but does so in the sense that it gives an account of a major disaster, the ensuing legal battles over liability and compensation, and the laws that resulted. .However, besides the information about the tragedy, explanations, and business implications, there are important matters relating to international issues, jurisdiction, and sovereignty. This case transcended the borders between India and the US; both countries had to develop responses. Policy for different countries, in this sense, can emerge from the same issue. Clearly business was also affected by the tragedy; the event prompted reformulation of private business policies as well as policy in the public arena..	2.2.2
Externalities are evident here in tragic and unintended spillover effects from the activities of Union Carbide.The Indian government was compelled to step in and deal with the situation in various ways for a number of reasons, including dealing with the effects of the externalities (medical and other problems) and resolution of the conflict. The US government also reacted to the potential threats the accident might have had in its own chemical plants and the consequences of American companies operating overseas.	2.5
More concerted efforts at regulation in relation to chemical control and disaster management emerged for US companies after this disaster particularly, regarding 'right-to-know' legislation for employees of such companies (p. 316). The important question about policy is asked on page 314:—'Can these kinds of incidents be prevented by stricter enforcement of existing regulations, new regulations to impose more controls on business, or more legislation that would plug supposed loopholes in existing laws and regulations?'	2.5
Information is limited in this case in relation to the policy cycle, but it does appear that once the issue was put on the policy agenda there were some reactions which could be construed as formulation, with implementation pending.	2.5.1
A crisis was the very obvious cause for precautions, regulations, inspections and warnings relating to chemical plants, as well as disaster	2.5.2

management strategies being put in place. Note on page 316 the comment,. 'the Bhopal tragedy gave a boost to efforts involving chemical disclosure laws'. (Note, though, that this pertains to American law.)	
There were some policies and programs in place in India for factory and worker safety but the fact that there were only 15 inspectors checking on how worker safety was being ensured in the state of Madhya Pradesh suggests that these programs were not being effectively implemented (pp. 316-317).	2.5.5
Evaluation after the Bhopal disaster certainly occurred, although it is notable that estimates of those injured and killed varied dramatically (see pages 302-303). It is also interesting to note the sources of the differing figures and to speculate about whether there might be vested interests—parties with a stake in the figures being higher or lower.	2.5.6
The Environmental Protection Agency (EPA) set about examining what authority it already had to prevent or respond to such disasters. It set up an internal information network so that at least people in the agency knew how to react. It also conducted a study into other chemical companies to assess relative dangers. Such activity falls within the scope of managing government departments and the policies administered by them.	4.4
Pieces of relevant legislation in this case reveal the role of the legislature in developing written laws and regulations. Also, bills were introduced to bring to amend existing legislation (p. 315).	4.5
There is much that can be linked to the judiciary in this case. Of most interest is the fact that it was not even clear where jurisdiction lay, and that the outcomes would likely vary depending upon which nation's courts heard the case. Some of these likely outcomes have potential economic implications—an inevitable indictment of inequality between the nations of the world. There appears to be delegated legislation also that might need to be interpreted by courts; e.g., there were 1984 Department of the Environment (India) guidelines banning the location of companies near areas of growing population (p. 306). It was unclear whether these guidelines applied to existing companies (p. 306). In the US the national Occupational Health and Safety Administration (OHSA) had also issued a 'communication standard' to companies instructing them to provide information to their employees about hazards in the workplace (p. 316). However, there was a potential conflict since this law was weaker than some state laws in the US; in any dispute the courts would have to rule for the national rather than the state law (p. 316). Courts, too, are subject to intergovernmental relations and rules determine which court is superior.	4.6
It could be guessed that there was a shortage of coordination between different levels of government in India, or at least a failure to liaise over important developments in a dangerous manufacturing activity. Rather	4.7

than exercising caution, the local authority attracted industry including Union Carbide with local economic development incentives and the blessing of the national government (p. 306). It seemed (according to the article) that the mayor of Bhopal 'had no idea of the potential dangers posed by the Union Carbide plant' (p. 316) and the state government was poorly staffed with inspectors (some 15 for 8000 plants in the state of Madhya Pradesh) (pp. 316-317).	
In an odd twist, the short-term contribution by Union Carbide as 'systematic emergency relief' was the impetus for immediate government action to be taken to help deal with the crisis. While not careful and rational policy, it was nevertheless the basis for action to be taken on the basis of international funds.	5.3.7
There were issues of human rights connected to the Bhopal victims—to choose their own counsel and to seek maximum individual redress for the damages. Instead, the action of the Indian government in taking the role of *parens patriae* removed these from its citizens (p. 309). From a moral standpoint, one can ask whether it was the duty of Union Carbide to tell its employees about the risk they faced. The subsequent analysis suggested that the federal US government and many US state governments certainly thought so (p. 316). It is also worth thinking through whether there were differences between the private and public sector responses to the tragedy in terms of minimising the costs of damages by choosing Indian or American courts to hear the case. The Indian government sought to look after its citizens in this process presumably with some sense of moral duty. The article shows the American government being concerned with its own citizens—though not clearly dismissing Indian citizens. There are some potentially interesting ethical issues that are not articulated but are worth considering in the case in relation to global versus national concern for human beings.	7.2.1

Case 6: Coordination in New Zealand health policy

Barnett, P. and K. Jacobs. 2000. Policy-making in a restructured state: The case of the 1991 health reform policy in New Zealand. *Australian Journal of Public Administration* 59(1): 73-86.

Case Comments	Block Section
According to Barnett and Jacobs there are three important types of relationships for maintaining a coordinated approach to policy: the horizontal relationship between ministers; the vertical relationship between ministers and their advisers, and the horizontal relationship between officials. These relationships were in a state of breakdown in New Zealand in the late 1980s (pp. 75-76). External advice was competing with internal bureaucratic advice, for example, and restructuring undermined coordination across departments (p. 76).	3.3

Traditionally doctors and other medical professionals have had a lot of influence in health policy (p. 73).	5.3.4
The case suggests that new style policy development in New Zealand has gone beyond consultation and pluralist understandings of how policy networks and communities work. It is as if the mode of operation has shifted to limiting debate and applying a 'policy blitzkrieg', bringing democratic principles into question (p. 73).	5.4
There is, in this case, an analysis of the tension of trying to achieve participation and consultation under the new public management in which economic rationales are more powerful than others. The Green Paper that was produced in this case sought neither submissions nor feedback (p. 73).	7.3

Case 7: Implementation in Somalia

Love, J. and C. Sederberg. 1987. Euphony and cacophony in policy implementation: SCF and the Somali refugee problem. Policy Studies Review 7(1): 55-173.

Case Comments	Block Section
There are some very cogent objections to the cyclical approach to studying policy-making, which the authors also label the 'phase theoretic' perspective (p. 156).	2.5.1
It is suggested that problems with goal definition arise from lack of appropriate data collection and lack of understanding of social and cultural conditions (p. 156). This seems to suggest that policy-makers might need to include in their appraisals a scan of social and cultural conditions, amongst other things.	2.5.3
There is some support, not explicitly stated, for the policy-action continuum in this case when the authors suggest adaptation to changing conditions and circumstances (such as covert political agendas and changing cultural environments). The entire case is about implementation and it questions in very clever ways the notions of implementation discussed above.	2.5.5
There is quite a bit of information about a range of evaluation or policy appraisal activities occurring in this case on page 159 of the case study.	2.5.6
This case suggests that policies sometimes fail because of covert political agendas. It could be inferred that the way in which power is used may influence policy outcomes to ends that are not even clearly on the agenda (p. 171).	4.2.2
An interesting point in this case is the difficulty with poorly skilled staff	4.4

in the national bureaucracy. It is inevitable, according to the authors, that the most talented people go to non-governmental or private voluntary organisations. Thus, many of the roles typically filled by this permanent executive are being carried out by people in other organisations (p. 169). Also of interest is the apparent discretion that the NRC has in being able to define its own role regardless of the jurisdiction of line ministries. A personal relationship between the Commissioner and the President is implied as the reason for this (p.167). This is an example of how singular circumstances may change the whole flavour of how a policy is implemented.	
This case emphasis polyvocal policy. A sense of pluralism underlies this case, whether or not there was actual equality among the participants.	5.2
There are some strong criticisms of international agencies for not understanding the social and cultural conditions of the country in which their policies or actions are being carried out (p. 156). International agencies involved include the United Nations High Commission for Refugees (UNHCR), Save the Children Fund (SCF) and the US Agency for International Development (USAID) (pp. 158-159). There is also a useful comment about the incompatibility (sometimes) of the funding cycles of agencies and the long-term needs of communities (p. 166).	5.3.7
The cooperative and mutual activities of several agencies including UNHCR, USAID, NRC and others in the refugee situation suggest that policies emerge from dynamic communities of policy activity.	5.4
The success that the alliance of SPARC, NSDF and Mahila Milan has had may mean that it could ultimately be incorporated into a policy community about sanitation problems in the country. In this way it would be called upon to be at, or make itself present at, policy-making forums. Whether there is official incorporation into decision-making or simply demands placed by constant lobbying the existence of the group as a force in policy-making is relevant in terms of policy communities.	6.1
The authors criticise rational decision-making in their opening pages, expressing the opinion that policy-making is much more complex and dynamic than it suggests. They suggest that the writers of the policy documents provide specific detail that reflects 'political considerations, guess-work, and imaginative accounting',and that they lack sufficient understanding of the context of the policy (p. 155). 'Rational', in this sense, is a relative term. They suggest that no ground for policy is neutral (p. 156), and criticise the notion that decisions are an absolute from which everything else can proceed (p. 156).	6.2.1
It would be too simple to say that this case supports an incremental approach; it offers something more complex. However, there are useful elements that can be linked—a constantly changing policy and an array of participants in the policy process. For example, there was reference to policy that was not static but constantly changing (though not necessarily in incremental steps). Also the policy choices were not just	6.2.2

made by decision makers, but instead there was a complex web of changing circumstances, many players with many voices and viewpoints, and quick, sometimes ad hoc reactions (p. 163). Sometimes this was incremental and marginal for corrective reasons (p. 165), i.e. to overcome the next emergent problem.	

Case 8: Courts and activists against dams in India

Black, M. 2001. The day of judgement. *New Internationalist* 336 (July): 9-11.

Case Comments	Block Section
The building of the dam emerged from a history of belief in dam-building as a technical solution to agricultural and other problems. More obvious in the case was the potential for 'something radical' to be 'unleashed' (p. 10) if people were treated as expendable and excluded from the resource base because of the dam construction. If the predicted devastation to land and people's lives happened and continued to happen (in other cases), there was the possibility of a major revolt.	2.5.2
There is not much evidence of appraisal or evaluation in this case, but some mention is made of protesters demanding information and publishing facts in relation to estimates of water flows, inflated irrigation expectations, lack of land for re-settlement, and spiralling costs (p. 11). There is also mention of 'so much evidence' having been compiled (p. 11) and provided to the Supreme Court (p. 9). It also appears that the Gujarat Government was waiting for rehabilitation and environmental reports before it could raise the dam beyond 90 metres (p. 11).	2.5.3
Dams are apparently seen as important in the case by the policy-makers, while the author and presumably the protesters value the welfare of the people being displaced. Clearly, the author is interpreting what she thinks are the policy makers' values or lack of them. She says that the court judgement 'suggested—in breach of democratic principle—that it was a good thing for tribal peoples to be uprooted' (p. 10). She also asserts that much of the 'good' coming from the dam construction will end up 'in the pockets of politicians, bureaucrats and contractors' (p. 10). In doing this, she is not only suggesting corruption, but also drawing attention to what she sees as their misplaced valuing of wealth.	4.2.2
Taking the decision about the Sardar Sarovar Dam to the Supreme Court of India, according to the author, challenged the executive arm of government (p. 10).	4.3
While the details are not made clear, there are three state governments involved in the building of the dam—Madhya Pradesh, Gujarat and Maharashtra (p. 10). One might assume that there is reasonable cooperation between these governments even if there is considerable public protest.	4.7

The distribution of power is an important issue in this case. The author makes some scathing comments about whose voices are being heard and whose are being disregarded. (See, for example, p. 10) She asserts that the people likely to be displaced are being seen as expendable, and that the interests of the newly wealthy have the most influence. While many people might be trying to have a say in decisions-making, the distribution of power is not equal and a purely pluralist interpretation does not apply.	5.2
The NBC and others are clearly acting from an outsider position—making most of their actions very explicitly acts of protest.	5.3
Any of the actions of the NBC and other people objecting to the Sardar Sarovar Dam can be seen as those of pressure or interest groups. However, since their actions and tactics are so clearly protesting against the dam this case is studied in section 5.3.3 below.	5.3.2
The level of protest activity occurring in this case was extensive and very visible. The NBC petitioned against the dam, and protested in the Supreme Court of India. Protesters took action to draw attention to what was happening or about to happen with the government policy in relation to the dam. The leader of the NBC, Medha Patkar, and probably others were involved in struggles against the dam and worked towards recruiting more supporters. She was willing to telephone and lobby anyone who might have had influence, including the Chief Minister (p. 10). Protesters lobbied the World Bank and gained its support by getting it to cancel its commitment to the project (p. 10). The pressure and protest activity grew to a worldwide effort.	5.3.3
The media played a key role in this case. The magazine article is one example of implicit media involvement. By contrast, the appearance on television of the leader of the Narmada Bachao Andolan (NBA), Medha Patkar, is an example of explicit media involvement. There were journalists interested in the protest movement, as evidenced by their lunch with the author of the article (p. 9). Patkar probably used the media, mostly television, to gain popular support for her group's cause. The media cooperated by televising an interview with her. Her tears presented a very emotional picture, which was probably influential. (p. 9 and p. 10). Whatever her intention, she succeeded in raising awareness of the issue, and specifically of the protest against raising the height of the dam. Key international figures like Booker Prize-winning author Arundhati Roy, through the media, gave the issue more international exposure. Finally, the media's role become part of the picture when comments made by Medha Patkar and others like Arundhati Roy led to them being charged with contempt of court (p. 11).	5.3.5
Indirectly, the World Bank has had an impact on this policy—first, by supporting the building of the dam and later, by withdrawing its support.	5.3.7
There is not much discussion about the decision-making process in this case, but it is worth mentioning the author's comment that the decisions	6.2.1

made about the dam represent 'bad logic'. This draws attention to the fact that rationality is a relative term—what is rational for one person may not be rational for another (p. 11).	
The moral rights of the people affected by the dam is a strong point in this case. The author mentions these on p. 11 when she says 'The defence of their rights to just compensation and re-settlement is where the [Andolan] movement began'.	7.2.1

Case 9: International aid impacting on national policy in Bangladesh

Brazier, C. 2001. Building up the poor—or reinforcing inequality? *New Internationalist* 332 (March): 9-12.

Case Comments	Block Section
The main purpose of international aid is to eradicate poverty, so there is a statement about that in the section about delivery of funding. International aid is often delivered through governments and can have substantial public impact.	2.2.1
The author of this article describes a range of aid donated and delivered by various organisations. The benefits to be gained by aid are both of private and personal importance.	2.2.2
This case presents evaluative comment on current aid activity in Bangladesh.	2.2.3
There is an implementation gap demonstrated in the general mode of aid in the 1970s, when much of the aid that was expected to solve poverty problems went elsewhere instead (p. 10). Implementation in more recent times, if one considers the broad acceptance of foreign aid, occurs through NGOs (p. 11).	2.5.5
Some key evaluative studies are referred to in this case, one indicating that income distribution has become more unequal despite a general growth in per capita output (p. 11). Also the South Asia Human Development Report attributes Bangladesh's low population growth to women's empowerment (p. 11). These are not comprehensive examples of evaluation but provide some evidence of the sort of analysis that can occur in a policy community.	2.5.6
While this case does not refer to a particular aid program, it does give some useful information about the ways in which the philosophy and methodology of aid have changed in recent decades. These trends reveal changing aims, attitudes, and understandings about the aid and poverty problem. Especially note the account of the changes that occurred between the 1970s and 1990s on page 10.	2.5.7
The author tries to answer the question about 'good' policy when questioning what criteria should decide if overseas aid is good or not—	2.6.1

'Is Bangladesh a better place than it would have been as a consequence of all the aid pumped into it?' (p. 11).	
Among the key players in this case are the World Bank, the International Monetary Fund (IMF) and non-governmental organisations (NGOs), not to mention the governments within Bangladesh.	4.2.1
This case provides insight into an example of women's empowerment and how it has helped to change societal conditions, especially in relation to reproductive rights (p. 11). .	4.2.2
The conditions placed upon more recent loans from the IMF (for structural adjustment of the local economy) clearly reveal that 'rolling back the state' is valued (p. 10) while earlier loans were often motivated by rewarding and reinforcing 'allies in the fight against global communism' (p. 10)—another expression of values embedded in the policy of aiding certain countries.	4.2.3
Foreign aid and debt are listed in Table 4.1 as environmental factors for public sector managers. The authors (Turner and Hulme) of the table suggest that in many countries public sector managers are preoccupied with debt from foreign aid. Some of the corruption that is referred to in the case may be on the part of such managers but will also occur in other parts of the political structure.	4.4
Bilateral agreements (p. 10) are a key part of foreign aid; the recipient country is often bound to undertake programs according to the dictates of the donor country or agency. Also the decreasing amount of overseas aid means that governments have to compete for the 'shrinking pot' and may have to follow the wishes of an overseas power for their own public policy. In this case we are talking about agreements between different national governments but such impositions might also flow down to state and local governments.	4.7
Although this case does not actually mention it, wasteful use of funds has been reported in the Western media and may have led to reduced confidence and a reduction in aid as a percentage of rich countries' GDP (pp. 10-11).	5.3.5
International agencies are at the heart of this case study which demonstrates the very marked effect they can have on society in a recipient country. While there is an acknowledgement of improvement due to the aid (see the list of improvements on p. 11),there are also unfortunate impacts in the way of increasing the gap between rich and poor (p. 10), as well corrupt distribution of money (p. 11 and p. 12).	5.3.7
One might ask whether any rational decision-making occurred when the choice was made to promote shrimp farming in the southeast of Bangladesh. It appears that there were disastrous environmental effects and poor gains for the local farmers (p. 12). This case study also draws attention to the need to question the effects and achievements of foreign	6.2.1

aid,and casts doubt on the rationality of foreign aid programs	
Perhaps the idea to support shrimp farming was a solution waiting for a problem. It certainly appears not to have been useful.	6.4.3
If money is being taken by corrupt intermediaries there are ethical and moral issues that everyone should be concerned with.	7.2.1
While any foreign aid generates accountability to the provider for how the money is spent, this is highlighted in the case when the likely accountability of NGOs to Western donors is discussed (p. 12).	7.2.2
According to the author of this case, the most effective aid agencies are those that are most responsive to local needs, open to public scrutiny, and endlessly self-critical (p. 12).	7.2.3
The NGOs in Bangladesh seem to have grown particularly effective in their ability to locate local knowledge, generate new ideas, and reach understanding of problems (p. 12).	7.3
Western countries providing aid to less developed countries are dictating economic patterns and even supremacy by pushing for structural adjustment (p. 10).	7.4

Case 10: History of a slum in India

Seabrook, J. 1997. The fire, a death and the cooking pots. *New Internationalist* 290 (May): 12-14.

Case Comments	Block Section
At a couple of times tragedies—children dying—seemed set to put the issue back on the agenda for review but this does not seem to have occurred. Instead pressure from the community and its representative groups brought about action. In 1982, the Nivara Hakk applied pressure to win a conditional reprieve (p. 12) and again in 1985. In 1985 an attempt by the former residents to reoccupy the land occurred and was given much media attention. This led to a concession by the municipalitythat all those who were on the site before 1980 could qualify for re-housing. (pp. 13-14).	2.5.2
The removal of the slum-dwellers is a policy that seems to have almost completely failed in terms of its implementation. The lack of a clearly formulated policy in the first place might be a partial explanation.	2.5.5
Different players have different values. In this case the values of the judges of the Supreme Court are analysed as being socially biased, and some of their comments reveal this (p. 13). 4.2.3The municipal workers and the police, as public servants, were executing the policy of the municipality—to get rid of the slum. They were enforcing a decision made in the court case about their 1986 eviction (p. 13). 4.3	4.2.34.3
One Supreme Court decision affected the policy in this case. That is, that the municipality had the right to evict people who were obstructing footpaths or other public land (p. 13). The authors of the case stated that this decision revealed the social bias of the judges. 4.6	4.6
There is a protest movement of sorts occurring in this case, though sometimes it might be better described as an interest group (a residents' society serving the slum-dwelling community). When Gurubai Koli, her husband, and actress Shabana Azmi begin a hunger strike they take on the characteristics of protesters (p. 14).The Cuffe Parade/Colaba Residents Association, representing the rich apartment-dwellers, is also an interest group (p. 12).5.3.3	5.3.3
The media were directly and indirectly involved in this case. First, an individual journalist who was supportive of the slum-dwellers visited the site with other influential members of Nivara Hakk. Second, the presence of the celebrities at the re-occupation of the site meant they were watched and gained full media coverage the next day (pp. 13-14).5.3.5	5.3.5

This case involves two levels of government—state and local. Most of the action occurs at the local government level, with the municipality taking a range of actions. The state government intervened after the fire destroyed the slum in 1985, promising cash aid of about 100 rupees per person. It also promised that the slum would not be demolished but later insisted that the people could not stay (p. 13).5.3.6	5.3.6
This case is perhaps characterised by lack of consultation and ailure to appreciate (or care about) the problems of the slum-dwellers. 7.3	7.3

Case 11: Sanitation problems in Bombay

Patel, S. 1996. Sense and sanitation. *New Internationalist* 276 (February): 26-27.

Case Comments	Block Section
While there are elements of content studies in this case, perhaps the stronger and more interesting elements are those of process advocacy. Its message is that if communities were consulted and involved in policy-making about their own problems, better understanding of those problems would occur and better solutions would be generated. Then the community would become more capable of contributing ideas and information to other policy problems. Note the explicit comments about process in the boxed section on page 27.	2.2.3
In this case the provision of the toilet facilities appears to represent direct government provision of minimum facilities to ensure basic services for all members of the population.	2.3
This case offers an opportunity to observe some stages of the policy cycle. In this case, we could say that the case begins at the evaluation stage where the participants (SPARC) evaluate the existing policy as it is being implemented. Their evaluation and pressure actions with the municipal authorities lead to a reformulation of policy which is again implemented and presumably may be reevaluated and reformulated	2.5.1
The revision of municipal policies—where that has been achieved—appears to have resulted from the work of pressure groups, such as SPARC, Mahila Milan, and NSDF. These groups were concerned with unsatisfactory living conditions. Without their intervention much more time might have passed before a crisis stimulated action. One can imagine how an epidemic might have led to a solution such as better sanitation, clearing the slums, etc.	2.5.2
The members of SPARC conduct appraisals of some sort through the collection of data about toilet provision. Such data can be convincing in negotiation with local councils. Note their data on Bombay on page 27 mention 3000 toilets, many inoperable, for 20,000 people.	2.5.3

The initial attempts at the provision of toilets to informal settlements seem beset with problems. A chief cause appears to be a failure to understand how the toilets would function with the existing infrastructure. Further investigation by the community groups revealed that providing toilets was a 'quick-fix' solution but one unlikely to succeed unless sufficient numbers were supplied to prevent problems and waste disposal was taken care of. Perhaps the decision-makers—local councillors and their employed staff—were unable to see all aspects of the problem and to design solutions that could be effectively implemented. When the new policies suggested by the community were put in place the community members became partners in the implementation of the policy. Initially they were expected to take part by being 'forced to keep things clean' (p. 26). Later, under more realistic circumstances, they were involved in implementation through taking on 'construction, maintenance and management of toilets' (p. 27).	2.5.5
In this case the actors broaden out to include the community itself (or members of it) and they take on roles of explaining and identifying problems and communicating them to the decision-makers. The expert role supposed to be played by the municipal employees was deficient with regard to understanding the number of toilets required and the importance of waste disposal in maintenance of toilets.	4.2.1
Empowerment of community members is an important part of this case as well. It enables them to learn and improve their capacity to influence decision-makers (and community outcomes) in this and other community problem areas.	4.2.2
There are some very interesting expressions of values in the early part of the case. It is clear that different people were seeing the problem in very different ways—i.e., from the perspective of what tourists see, and from the perspective of discouraging further migration to the city. These reveal some underlying values, such as 'tourism is good', and 'slum dwellers are unimportant', and impacts upon the capacity to see solutions—'don't build more toilets because you'll just get more slum-dwellers' (p. 26).	4.2.3
The bureaucrats or permanent executive staff members in this case are probably engineers and other technical officers. While they might have understood the technical aspects of sanitation, it appears they ignored the scale of the problem and failed to see its social aspects. When a solution was introduced, but the result was too few toilets, or too few that worked effectively, even more problems resulted. While the individuals' limitations in understanding the problems can be deduced, the reasons why are not apparent. .	4.4
These are outsider influence groups in this case, but it does seem that repeated success will enhance the chances of the alliance of SPARC, NSDF, Mahila Milan, and the community to be asked to advise in other cases.	5.3

There is pressure and interest group activity in this case with an alliance of such concerned groups working with the community to lobby municipal authorities about sanitation. It appears that they are relatively successful in doing this.	5.3.2
Mahila Milan, as a network of women's collectives that has at its heart the aim of training women to participate centrally in decision-making (boxed section p. 27), is concerned with the advancement of women's issues and welfare across a wide area. As such it would probably be targetting not just single issues such as sanitation but also the way in which women are valued and treated in various parts of society.	5.3.4
The article's very presence in a popular magazine (albeit one focused on international welfare issues) is an example of media support.	5.3.5
Clearly about local government, this case reveals that policy occurs at all levels of government and is not just the domain of national governments.	5.3.6
The success that the alliance of SPARC, NSDF and Mahila Milan has had may mean that it could ultimately be incorporated into a policy community about sanitation problems in the country. In this way it would be called upon to be at, or make itself present at, policy-making forums. Whether there is official incorporation into decision-making or simply demands placed by constant lobbying the existence of the group as a force in policy-making is relevant in terms of policy communities.	5.4
The essence of this case is a participative and consultative approach. With help from SPARC, Mahila Milan and NSDF (p. 26) women have been involved over several years, and in several communities in identifying the problems with existing sanitation arrangements and preferred solutions for the future. Note that the process has helped to empower people in the communities, involved them in implementation and negotiation with municipal authorities, and helped to provide real understanding of the issues. Presumably, bureaucrats and/or others in the policy formulation process had unclear ideas about what the cause of the problems was, simply blaming the people in the community (who were unable to maintain the toilets). The process of being involved in the decision-making helped to create capacity-building experiences for the people involved and has equipped them to become involved in other community issues (p. 27).	7.4

Case 12: Housing in Columbia—policy implemented in communities

Ospina, José. 1987. housing ourselves. London: Hilary Shipman.

Case Comments	Block Section
There is a range of government policy within this case. Sometimes there is specific legislation mentioned, such as 1928 legislation requiring municipal authorities to invest a percentage of their budgets on worker housing. In other ways, it is evident that government is taking action with funding, but not necessarily based on legislation. The case details a policy area, such as Turner and Hulme's 'field of activity'. It covers a range of policy activities, specific and less specific, relating to housing. Near the end of the case study is a listing of political pledges of the new Liberal government—statements of intent, though not in any way formalised by spending, legislation, etc.	2.2.1
This case is especially useful in illustrating that what happens in a country in a particular policy area—housing—is both public and private. The government utilises private sector and community organisations to achieve its desired outcomes. It does this by funding or subsidising their activities, encouraging and legislating for their formation, and monitoring their activities. It occasionally takes action to overcome obstacles, such as land acquisition, to achieve what is required. Not only are land and actual housing relevant, there are links to other services and requirements, such as bank finance, labour, design and building expertise. The activities of the private developers, particularly those who take advantage of the weak control of land supply, are clearly impacting upon the society at large. In turn, the government is trying to regulate and control their activities, and also to harness the expertise, capital, and drive of the private sector to achieve housing aims.	2.2.2.
This case emphasises the content of a policy area rather than how policy is made, although there are occasional references to housing organisations influencing government decisions., For example, the self-help housing movement is said to be 'becoming stronger, and more able to influence government policies and obtain resources' (p. 154). There are also evaluative comments and some analysis of policy outputs in the case.	2.2.3
In this case the government aims to provide everybody in the country with at least minimal access to housing as goods of the economy. It also provides some basic rules and regulations to set up a suitable infrastructure to encourage the building of housing, such as formal rules about the structure and legal status of housing organisations. It tries to rectify some conflicts and failings in the market operation of housing—by encouraging municipal authorities to make land and services available for new housing projects, for example, as part of the new	2.3

Liberal government's pledges in 1986 (p. 153). The state bodies are also shown to have 'turned their attention towards regulating and controlling it'—that is, the informal housing sector which was responsible for poor housing lacking basic amenities (p. 147).	
The government is doing, or has done, much to regulate and subsidise housing. There seems to be less evidence of direct allocation of funds, though there has been some over the years. For example, between 1928 and 1950 government was responsible for 3,500 houses, compared to 57,000 built by the private sector (p. 144). Regulation varies. Setting up the framework for community organisations in 1958 is an example. (p. 146). The extent of subsidisation varies as well, but there is much evidence of the government providing funds to private sector firms or community organisations (although there is some comment that subsidies were limited to a few selected organisations) (p. 150).	2.5
This case is an historic one over a long period. Perhaps focusing on a particular policy change, at a particular time, might have revealed a more evident policy cycle going on. Instead, the case seems to illustrate that policy is very complex, multi-faceted, constantly changing and responsive to change. You will be able to make some of your own judgements and there will be more comments in the subsequent sections in this block.	2.5.1
A range of examples might be sought in the case, depending upon the particular stage over time. Early on in the case, changing circumstances relating to urbanisation and industrialisation are causing a need for housing policy in the cities. Changes of government mean that elections and public opinion are sometimes causing change, or putting some new demand or solution onto the policy agenda. As housing groups became more developed and mature, and particularly when they formed alliances, their capacity for applying pressure (as pressure or other socially influential groups) increased (pp. 152-154). It is also likely that housing is always on the policy agenda because it has such a wide impact on the society	2.5.2
This case does not explicitly reveal how extensive any policy appraisal has been over the decades discussed. It is apparent, however, that policy appraisal methods could be applied to the situations discussed because there is sufficient evidence of data being kept, for example on the number of houses being constructed and by which group and sector, over the years. This data is used both to evaluate existing policy and to appraise the situation so that new policy can be developed. The distinctions between policy appraisal and policy evaluation are thus less clearly demarcated than has been outlined in this block. Most assessment appears to be *ex post* but since decisions and changes to policy follow one after another, some is probably also *ex ante*. Thus, policy appraisal is occurring, though it might easily be identified as policy evaluation as well.	2.5.3
While there is not much discussion about public servants formally	2.5.5

implementing policy, there is a lot of implementation occurring. There is evidence that there are gaps in implementation, where too little was achieved from a policy—note the 'flouting' of new regulations in 1982 when the government 'decreed that 25 percent of all investment placed by private financial institutions should be in low-cost housing' (p. 149). Failure to think through all the elements might be one cause. The 'policy-action continuum' seems to be very relevant to this case as there is a sixty-year history of action and reaction, constant adjustment, and introduction of various solutions to the housing problem.	
As with policy appraisal, there is not much in the written account of housing policy in Colombia to show that evaluation has occurred, although it may have. Perhaps more interesting would be to view the case itself as an evaluation and consider what comments are being made. It appears to include commentary on the appropriateness of public/private sector action, as well as some evaluation of efficiency and effectiveness. There appears to be little, if any, meta-evaluation.	2.5.6
There a sixty-year history of policy succession in this case study, though it is interesting to note that old policies have not necessarily disappeared every time a new one has come in. For that reason, an overlay of various regulations, organisation types and so on remain to make the whole housing arena more complex; see, for example, the three types of housing organisations operating on pages 150-151. The earliest of these was set up in the 1930s but was still operating at the end of the case study in the 1980s. While one policy can replace another, in this case new policies can be seen to have added to the array of existing governmental interventions.	2.5.7
What 'good' policy is amongst the various policies in the case is difficult to gauge. To some extent a reader's conclusions will depend upon political or ideological persuasion. For example, one might think the existence of successful self-build groups who exert political action is very desirable; others might feel an unregulated free market is the only way to solve such problems. Within the case there are some useful comparisons over time, and between various housing providers.	2.6.1
There is much in the case that indicates the existence of conflict, negotiation amongst groups, reorganisation of funds between the public and private sectors and the need to consider and accommodate a vast array of issues, problems, and interests. Managing the policy is multi-faceted, although it could be interesting to note that the housing groups themselves are adapting by forming a single Unified Housing Congress (p. 153). Key committees or agencies are sometimes indirectly able to help in the management of complex policy areas, although we will later consider the issue of how incorporation of one group leads inevitably to the exclusion of another (see section 5.2 and the comments on corporatism).	2.6.2
Colombia is described as a parliamentary democracy at the beginning	3.2

of the century (p. 142). It is clear that at least two effective political parties have operated over time–there have been several changes in the ruling party in government. Note, however, that the Conservative Party was ousted after a 40-year period in the 1930s (p. 142). A populist military government took over in 1953 after civil war but was overthrown in 1957. This case presents some challenges in terms of tracking the particular political system in operation at different times of the case. Municipal authorities are another layer in the governance system that need to be taken into account.	
One particular comment that is relevant to roles emerged a couple of times in this case, though it relates to government itself, rather than any individuals or groups in the policy process. That is, that on occasions there is a conflict between government's role in encouraging self-build housing through community housing groups and its role as provider of funds and legislator of regulations. On p. 154 the dependence that housing groups have on government is said to be an inhibitor of autonomy. Again, on page 156 this dependence on political patronage is said to make such groups subject to manipulation. An accountable secondary agency is suggested as a better solution (p. 154).	4.2.1
Power is dispersed and changing in this case with many housing organisations, government, municipal authorities, banks, and other agencies involved. Over time, the balance and distribution of this power has probably waxed and waned. Certainly, in the 1930s, the case asserts that the new Liberal government was able to crystallise the demands of the new industrialists (p. 142) while on page 144 we are told that it is the rich who make the laws (presumably through their influence on government, or because government is comprised of 'rich' politicians). As the housing groups amalgamated and applied pressure they too were manifesting influence in the policy arena. The government itself clearly has legitimate power to make laws, rules and regulations and to spend public funds according to its own priorities. The allocation of funds allows it to wield influence in the areas it is most interested in. It might still be important to ask what power the very poor have had throughout the history of housing and how much others have spoken on their behalf.	4.2.2
Even more than in most cases, the values in this case are not explicitly stated. To analyse this case, you need to ask who is saying what—about what is good or bad and about what is important or unimportant. Throughout the case, we could say that housing is valued as good or necessary by all parties involved, but there could be a diversity of opinion about what level of housing is sufficient to provide that 'good' outcome. Those in black market land sales definitely value profit more than providing housing for the poor for whom the housing is intended. Politicians might value the support of the industrialists and so be swayed accordingly. Underpinning the whole case is an appreciation of community competencies and values, which according to the author emerge from the culture of native communalism (p. 142). The new government in 1986 articulated a value of this sort in its slogan	4.2.3

'creating popular power' (p. 153).	
There is little detail in this case study about how policies were formulated by the legislature and/or implemented by bureaucrats. The process is relatively invisible and could involve appraisals, evaluations, and discussion papers, or be more random than that. Apparently political parties do have some impact on government, as demonstrated by shifts in policy with changes of government.	4.3
In this case the national government occasionally imposes a requirement upon the municipal authority to take action or to achieve a desired housing outcome, such as the 1928 requirement to invest two percent of their yearly budget on 'workers' housing' (p. 144) or when they were to be encouraged to make land and services available for housing projects (p. 153). There is also a reference to a weakness in the policy activity of these local government authorities on p. 155. Here it is stated that housing organisations 'represent a sort of advanced informal sector, or, seen from another perspective, an attempt to create 'local-state' welfare organisations to provide for social needs (in the absence of local authority machinery to fulfil this function'. Policy does operate between levels of government and either coordination or the exercise of power occurs. It appears that the exercise of power has been the most prominent device utilised in this case.	4.7
In this case it appears that the state at times was acting as an agent of the rich and powerful industrialists when they controlled the capitalist economy (p. 142) or the laws being made (p. 144). This could be interpreted in terms of elitism or corporatism. Despite their influence, housing policy has been developed in response to other demands. For example, some social activitists have endeavoured to influence housing policy as a means of establishing social order in the light of the pressures of poverty, urbanisation, etc.	5.2
The insider/outsider status of influence groups in the case can only be guessed at. Perhaps the housing groups are largely outsiders while at times capitalists/industrials have some insider status. Developers could be classed as economic groups using Singleton's approach, but there is less clear evidence that they have tried to exert influence.	5.3
There are certainly political parties exerting influence in this case but little is explicitly stated to show how opposition parties influence government decision-making.	5.3.1
At the end of this case there is a discussion of recent developments in the area of Colombian housing policy. There is a strong shift toward coalitions of housing organisations forming to apply pressure on government to influence its policies. The housing organisations have been very separate from each other and the 'lack of a single co-ordinating body made the possibility of developing a strong movement, able to voice its own demands, more difficult' (p. 152). The amalgamation of some of the coalitions helped to set up a body that	5.3.2

could voice more strongly the needs of popular housing (p. 153).	
The loss of American funding in the 1980s did have an impact upon policy and meant an increasing need to rely on self-help housing (p. 155).	5.3.7
The environment could be interpreted as one of risk. There seemed to be an escalating problem with housing that could not be completely predicted but it does not appear that every consequence that occurred was unpredictable.It appears that many of the impediments to successful policy implementation were in existence for many years (such as the problems with land acquisition).	6.1
The policy decisions that were made in this case appear to be incremental in many ways lacking radical change. There was no major change that completely shifted the nature of housing policy overnight. Instead, there were ongoing changes over many years that responded to the current situation However, there is little background material about how policies were developed, and the duration of the period suggests some major revisions of policy might have been subject to rational analysis.	6.2.2
The development, involvement, and support of self-build housing associations is a strong example of participatory policy in one sense. The government involves these groups in the direct implementation of their desired policy by subsiding and funding them and providing other supportive legislation. However, they have not been given, it appears, much voice in whatever decisions are made by government.	7.3

Block 2: Understanding Public Policy

Block 2: Objectives

On completion of the block, participants will be able to:	Key Points	Block Section
Provide at least three meanings of public policy and explain the differences between them	There are different meanings of public policy, and not necessarily a single, comprehensive definition. Broad definitions might be too broad to be useful, narrow definitions might overly limit the scope of how we may understand policy	2.2.1 2.2.2
Define public policy in terms that indicate its specifically public nature	One way of defining public policy is to look at what 'public' means and how that distinguishes public activity from private sector activity.	2.2.2
List and explain the ways in which policy is studied	Policy studies are diverse and may focus on content or on process, for example. It is important to understand these differences.	2.2.3
List and discuss briefly some of the diverse areas in which governments make policy and why they do so	Understanding what it is that governments do is one way of understanding the diverse sorts of 'policies' that governments might develop. Apart from identifying these in terms of what governments do, and why they intervene, we can also understand them in terms of what functions governments traditionally undertake.	2.3
List several outputs of government that might be called policy	In addition to the above, the means that governments use to achieve their aims are exemplified in the instruments they use to achieve their ends.	2.4
Explain the main stages of the policy cycle	The policy cycle is a broadly discussed and understood way of understanding public policy. This section goes through the various stages and tries to explain them in a reductionist fashion as individual stages. In a more realistic analysis the applicability of such a model is contentious.	2.5

On completion of the block, participants will be able to:	Key Points	Block Section
Explain why 'good' policy is important	Policy occurs but whether it is good or not is a very difficult question. This section broaches what is probably an unanswerable question.	2.6
Discuss how policy should be managed	When studying public policy and when managing policy in a governmental agency, practitioners should be aware of the underlying values driving the policy and also the strengths and weaknesses of policy processes being adopted. They should also be aware that policy is a complex area and one that might require clever, innovative and critical thinking if improvement is to be brought about.	2.6.2

Block 2: Self-Assessment Activities

Self-Assessment Activity	Key Points	Block Section
Explain what you think this policy course will be about. We suggest returning to your answer later to see if your perspective has changed. .	Students will have their own viewpoints, which are typically thoughtful and often well-informed and original. Articulating their thoughts early in the course, before having a point of view thrust upon them, will help them to appreciate their own abilities to handle the material. It will also help them to appreciate how their own views might shift in the light of other information and help them to be critical of it and of their own points of view. It is likely that, in a group situation, students will learn from each other that opinions are diverse.	2.1
Look for government policies being discussed in newspapers. Do the definitions and features above help to describe any of them?	This is a beginning exercise that enables a preliminary exploration of whether definitions match what is happening in the real world around them. Even if they do match there need to be ways of understanding how they match since there are different definitions to cover different policy types or outputs. If nothing else, the exercise helps to demonstrate that definitions can be diverse and that a multiplicity of	2.2.1

	definitions can define a variety of policy situations.	
Using a relatively narrow definition of policy from the discussion above, think about which aspects of what your 'government chooses to do' may be excluded using such a definition.	This item continues in the same theme as the previous one, which opens up to a range of definitions. This one demonstrates, perhaps, the danger of defining policy too narrowly. Students should at least understand that defining policy defines our way of understanding it and the scope of the analysis in which we can engage when discussing policy	2.2.1
Can you think of examples of private sector activities that are of interest to the public at large and that elicit government responses, such as laws and regulations? Can you name any government-owned enterprises?	This question encourages thought about who carries out policy and what policy is in the interest of the public. It is likely to become clear that public policy is a field with blurred edges, with private sector activities affecting the public at large and public sector activities affecting private citizens and private enterprise. As well there will be a great deal of pressure for the public sector to exert control in the private sector.	2.2.2
When you are reading current stories in the media about government policies, notice what approach is being taken—policy studies or policy analysis. Use Hogwood and Gunn's typology of policy terminology to consider the perspective of the writer of the newspaper or magazine article.	This self-assessment question encourages students to look at current policy issues and examine the ways in which the policy is being commented upon. It demonstrates different ways of looking at policy—not just description, but also critical comment about the suitability of the approach, which might take a practical or political perspective, or could explore the informing aspects of policy formulation and/or the processes of making policy.	2.2.3
Add your own examples to the third column of Table 2.2.	The examples will be specific to the students' own political systems or level. The explanations will help to stimulate understanding. Sharing examples amongst students might help to clarify understanding.	2.3
Think of a policy with which you are familiar. Who is involved with it? What powers and values might these people have?	This question helps students to come to terms with the diversity of public policy, who executes it and what forms it takes. Thinking about this can help us not only to understand the presence of policy in	2.4

Also consider how much control the assumed policy-makers—institutions of government such as politicians and public servants—have and how much of the fine detail of policy is left in the hands of others, such as grant recipients, agents, etc.	our lives, but also the diverse forms it takes in our societies.	
Think about policies which are currently being given media coverage. Is there a distinct formulation stage or are the policies existing policies which are being adjusted?	As indicated in this section, policy can be seen as a cyclical process. This question helps students to try to recognise its stages and/or examine real-world events in terms of policy-making. The policy-action continuum introduced by Barrett and Fudge in Section 1.5.5 on implementation is particularly useful in questioning the validity of this approach.	2.5
Can you think of any issues which have failed to make it onto the policy-making agenda? Why? Does the notion of non-decision-making help to explain this? How? Think of examples of policies. How and why did they get onto the policy agenda?	These questions are designed to raise awareness of why some issues are considered and others are not for policy development or decisions. There might be the influence of some forces in society keeping control over what is being considered and ultimately these are important in understanding the power and values that impact upon policies. (These are considered again in Block 2).	2.5.2
Identify some of the key issues currently being considered as public policy. What new items have emerged which were not previously considered by governments? What policy agenda items have emerged recently as a result of the analysis of existing policies?	This is about agenda-setting and encourages students to consider why issues are on the policy-making agenda. At different times, different examples will be more blatantly apparent. The important point is simply to look at the list and to try to find some examples for each of those factors listed.	2.5.2

To reinforce your understanding, briefly explain the difference between appraisal and evaluation.	This question is, in part, one of recall or research. It ensures students understand the distinction made by Carley about *ex ante* analysis and *ex post* analysis. It can also be valuable for demonstrating that the terms can be used synonymously or differently.	2.5.3
Think about some policy issues that are currently being discussed or considered in your country. Are any of these methods of appraisal or evaluation being applied? How rational are the methods of policy appraisal and evaluation? Who is gathering the data and providing the information for the analysis? Who is setting up the parameters by which the policy is assessed? What are the goals and values of these participants and how neutral can they be?	Here students can make distinctions about *ex ante* analysis and *ex post* analysis but also simply consider the nature of the evaluative analysis going on. They also need to question who is doing that analysis and what values they bring to the process. There is no reason to assume that evaluation is a neutral process, without power, values, and political behaviour. This, with other stages of any policy-making process, can be extremely subjective and politically laden. This helps to question the rationality of a policy, a policy-making process and the subjectivity of rationality itself—perhaps with the realisation that there can be different conceptions of rational behaviour.	2.5.3
Which methodology do you think is most appropriate? Is a combination of methodologies more suitable? Can you think of instances when one or other approach clearly applied?	This question refers to bottom-up and top-down conceptions of implementation. While there might be clear applications of one or the other, it is also possible that the implementation of policy might be some muted combination of both. It might be possible that it is hard to see or to understand how the policy is being implemented. Alternatively, the way in which policy is explained might limit the way in which we interpret the implementation of policy.	2.5.5
Try to apply the different approaches to policy implementation analysis to policies that are currently in	This is a more practical question. While the previous question is mostly focused on opinion and perhaps critical analysis, this one simply encourages	2.5.5

operation in Australia.	consideration of a wide range of policies and how they might be being implemented.	
Turn to Figure 2.3 and consider Carley's location of policy analysis methods as *ex ante* or *ex post*. Do you agree with his classification?	This question reviews the issues raised above under section 2.5.3. It is reintroduced at the evaluation (rather than appraisal) stage of policy-making. It also asks students to question from their own viewpoints and using their own arguments.	2.5.6
Can you think of any policies that governments have terminated outright? What are they and why were they terminated? Did some other policy replace them immediately or later? What policies are currently being considered for change by governments? Why have they been identified as needing change? Do the reasons relate to deficiencies in the policies themselves or to more general pressures on governments under tightening economic circumstances?	This question encourages students to look at policies in their own environments and to consider what forces are active in their termination, or modification. It helps to question whether the key forces for policy succession are political or related to the effectiveness and value of the policy. Answers to these questions are not simple and objective but it is necessary to ask them to understand the pressures that occur on existing policies, rather than to simply focus on the development of new policies. It is also important to try to delineate how many policies are actually new, rather than a revision—whether major or minor—of existing policies.	2.5.7
What do you think is the best approach to studying public policy? Do you have any alternative suggestions? What criticisms can you make about the cyclical model of decision-making presented in this subject? Remember, like all models, it has flaws and deficiencies.	This is a major point of review. Students have been presented with much information; in this question they can endeavour to synthesise some of this information and question the way in which theories frame the way we look at problems. It encourages them to think of their own approaches, and not to simply accept that which is already provided. The cyclical model is key amongst these modes of looking at policy, and one that has clearly suffered much criticism yet offers a common sense view of policy-making.	2.6
Can you think of any	This is quite an elusive question in	2.6.1

situations where measures have been devised to assess whether a policy is good or not?	reality. So much of our evaluation of policy is political or scientific, and lacks the sort of real world, multi-dimensional analysis that defines policy in actuality. The question is simply to encourage consideration of the factors that people use to define good or bad policy. Perceptive students will bring their own critical analysis to such responses.	
Having read to this point, has your expectation of the subject changed?	Students should revisit their answers to the first self-assessment question in this block. They may find that their expectations in the subject have changed or been modified, in view of the material covered.	Whole topic

Block 3: Public Policy-Making: Contextual Settings

Block 3: Objectives

On completion of the block, participants will be able to:	Key Points	Block Section
Describe the main features of the Westminster system of government.	The entire section 3.2 seeks to provide coverage of the main points of this system at the same time as acknowledging its differences and inconsistencies. The model does not have a single and invariable form.	3.2
Explain the formal way in which legislation is developed in Westminster systems.	The legislature is clearly the key to this but students should be encouraged to understand and explain the context in which the legislature operates and how it might have different levels of power and influence depending upon other factors (e.g. location of executive within system, political party dominance etc.).	3.2
Explain other ways in which policy might be made in Westminster systems.	This can be considered in terms of executive decisions—political and permanent, and also through judicial decisions.	3.2
Describe the main features of the New Zealand model.	Section 3.3 describes these. Perhaps the most important are the single house, the MMP system and resultant coalitions of	3.3

	government, and the style of government in a reinvented market economy.	
List any advantages and disadvantages of the New Zealand model.	Meeting this objective will require individuals to formulate their own opinions. They might do this through comparison, sharing ideas, and/or wider research as well as through reasoned argument.	3.3
Describe some ways in which other nations make policy.	Only two are presented—the USA and pre-1990 USSR—but students can be encouraged to investigate others.	3.4
Discuss the main features of your home country's system and any distinguishing features it has.	This encourages students to compare home country's systems with those discussed. By doing this both those presented and home systems should be understood more fully and deeply.	Entire block

Block 3: Self-Assessment Activities

Self-Assessment Activity	Key Points	Block Section
Think about the political system in your own country and/or other countries with which you are familiar, and address the following questions: • What key political institutions operate in the country? • Do the political units correspond to the legislative, executive and judicial roles? • Is there some separation of powers as described in the Westminster system? • How is the system different from the Westminster system as described above? • How do you think the degree of separation of powers affects the level	Students need to work through these issues and establish an understanding of both the Westminster model and the system in their home countries. Then, similarities and differences of all of the points listed can be considered. This question has the aim of enhancing understanding and critical analysis through the comparison of different systems. It encourages opinions, but students should justify them.	3.2

of independent and representative governance in the country? • How does the degree of separation help or hinder coordination of policy-related activities? • Is there an upper house in the legislature? If so, how is it constituted? What checks and balances can it place on the executive? • If there is no upper house, is there too little constraint on the executive? • What other features can you identify that are distinct and/or unique? • What problems and advantages are there in the political system of the country? Revisiting some of the definitions of policy (developed in Block 2), do you think that everything the various institutions of government do can be described as 'policy'?		
Develop your own opinion about the New Zealand system using the following questions: • Is the system effective in containing political power? • Do revisions such as the New Zealand MMP system improve the likelihood of democratic policy-making? • Do you think there is a need for an upper house in the constitution?	As above the question is about comparison and critical analysis to deepen understanding of different systems. The New Zealand model offers an example of the effects of particular aspects of the Westminster system—single house, the need for negotiated coalitions in cabinet (or alternatively, the dominance that occurred before MMP) and the dramatic reforms of the New Zealand model. These questions explore, in some ways, the differences that concentrated or dispersed power may have in a radical	3.3

Why? Think about the political system in your own country and/or other countries with which you are familiar. Consider the following questions to help you compare that system with the New Zealand system. • Is there too much power centred in one part of the political system? • Does the new New Zealand system offer any suggestions for improving the country's system? • Is party politics a dominant force in the country's system that events best policy being made? • Is there an upper house in the legislature? If so, how is it constituted? What checks and balances can it place on the executive? • What other features can you identify in the country that are similar to that of New Zealand? (These can be constititutional, political, or social e.g., different ethnic groups.) • If you have identified similarities, now outline the more subtle differences within those similar areas.	or cautious policy development.	
3.4	Comparison with some different, but archetypal systems, continue to enable understanding through analysis of difference.	

Block 4: Policy-Making Process

Block 4: Objectives

On completion of the block, participants will be able to:	Key Points	Block Section
Distinguish between roles, power, and values as inputs to the policy-making process.	Students will do this by being able to define the concepts and by recognising that roles, power, and values are interrelated and impact upon each other in various ways. Understanding these concepts is also useful in achieving the subsequent objectives.	4.2
Explain the role and limitations of the political executive in policy-making.	The formally articulated roles are not always those that occur in practice. Additionally, the various entities (legislation, judiciary, executive, and public) impact upon each other in a complex system of policy-making. The nature of these will depend upon the political system operating in the country.	4.3
Explain the role and limitations of the permanent executive in policy-making.	The comments in the preceding objectives apply. The permanent executive is expected to act as administrator of formulated policy but in reality the permanent executive shapes policy by giving policy advice, making decisions in delegated legislation, and through discretionary application of policy.	4.4
Explain the role and limitations of the legislature in policy-making.	The role of the legislature seems somewhat formal in many systems. It can be said to be reactive and adversarial and to lack in opportunities for the initiation of policy. It might also be labelled slow and procedural.	4.5
Explain the ways in which the judiciary and inter-governmental relations (within and beyond national borders) might impact upon public policy.	The judiciary influences policy mostly through deciding what legislation means in cases of dispute, extending policy in so doing. Courts might also have to decide upon the hierarchy of policy in differences between multiple levels of government. Different governments	4.6 4.7

	might need to cooperate or exercise power to assert preferred policy.	
Discuss advantages and disadvantages to the role each of these parties plays in the policy-making process.	This is a summative development from the previous objectives and one that might enable students to arrive at their own opinions.	Entire block

Block 4: Self-Assessment Activities

Self-Assessment Activity	Key Points	Block Section
Consider a policy issue being discussed in the media and compile a list of interested participants involved in commenting on the policy or seeking to influence its development. Plot out a list or a diagram of those who might have a formal role (in the legislature, executive, or judiciary) and those who might have an informal role.	This is a question to help students identify the participants and therefore categorise them into the formal institutions or the informal ones—useful in the next block.	4.2.1
When considering current policy developments such as those disc ussed in the media, what can you deduce about the way in which power is being utilised, and whose values may be predominating? If you can, construct a diagram or concept map that explains how power is being used in a particular case. Present your own arguments for or against the validity of non-decision-making as a theoretical approach.	Some of the issues regarding different types of power (e.g. covert or overt) and decision-making and non-decision-making, as well as whose values are being imposed, will be relevant in this question. Students could extend or reshape diagrams provided or develop new ones. The question specifically asks if non-decision-making applies, so a review of this concept may be needed.	4.2.2
Can you think of areas where policy options may be suppressed or where the	This activity requires the identification of student examples, so there are no predictable responses. However, the	4.2.3

range of options is limited by the way in which societal values are shaped? If so, make copies of Figures 4.2, 4.3 and 4.4 and label them to identify how power is suppressed.	emphasis is on identifying where a set of values may be suppressed or eliminated because of other more predominant values. Using the figures will allow students to consider the sequencing of problem identification, values, and answers to clarify where the values intervene in the understanding of problems and development of answers.	
In view of the different stages of policy-making described in Block 2, what roles do you think public servants and politicians (particularly ministers) play in different stages of policy-making? Map out or tabulate the different roles they might play in a policy area you are familiar with.	In this activity students need to be able to consider the particular role public servants and politicians play and at what stages of the policy cycle. For example, many might say that public servants simply implement policy, though others might say that they also have a role to play in many stages. For example, they would appraise and evaluate the policy, and perhaps work with politicians to write up discussion papers and bills for legislative approval. Politicians are often said to play the strongest role at the policy formulation stage, but they too can be pivotal in deciding what items are placed on the agenda, evaluation, etc. The involvement in different stages will vary depending on the policy, the political system, and the particular events.	4.4
Revisit the definitions of public policy considered in Block 2 and consider how they apply to the law that is applied by the judiciary. Which definitions embrace this activity and which do not? You might wish to revise your own personal definition of public policy. Can you think of examples of a court decision leading to a significant change in policy and/or interpretation of a policy?	This question is particularly about identifying how the courts might change or interpret policy. The policy perspective accepted from Block 2 will determine whether these are also examples of policy-making.	4.6
If you can, identify any international decisions that	Students can use this question to consider whether any exercise of power	4.7

have impacted upon policy in your own country. Alternatively, or additionally, consider the impact that federal or higher-level government might have had on the policy of lower level governments.	or cooperative actions are being taken by government(s).	

Block 5: Policy-Making Networks and Influence

Block 5: Objectives

On completion of the block, participants will be able to:	Key Points	Block Section
Discuss the relative impact of various groups on policy.	Different groups will impact in many different ways as the various sections in Section 5.3 demonstrate.	5.3 and entire block
Discuss theories that might explain the levels of impact from society's most influential groups.	The theories of the state provide overarching frameworks for explaining how power might be distributed. In real contexts the distribution might be more complex and less easy to explain.	5.2
Discuss and analyse the ways in which interest groups might impact upon policy-making.	Students should understand what interest groups are and how they might influence or seek to influence policy.	5.3 especial-ly 5.3.2, 5.3.4
Discuss the impact of political parties on policy.	Political parties have an extensive involvement through party manifestos and platforms, relative levels of power in the legislature and executive and also through the influence of social and economic groups over party policy.	5.3.1
Analyse and explain the role of the mass media in influencing policy.	The media's role is ostensibly about neutral reporting of the news, but economic, emotional and political pressures can intervene to magnify, colour or suppress news and influence policy decisions.	5.3 esp. 5.3.5
Explain the influence that protest movements might	This is a reactionary role to arge against policy action (and occasionally	5.4 esp. 5.3.3

have on the making of policy.	inaction). It is critical of existing circumstances).	
Outline some international agencies that might impact upon national policies and explain why that influence exists.	International agreements, treaties and reports, court decisions, benchmarking and international groups all have some influence.	5.3.7
Explain policy communities and policy systems as perspectives for understanding policy.	Understanding policy in terms of the networks, communities or systems that contribute to policy, are also useful approaches.	5.4

Block 5: Self-Assessment Activities

Self-Assessment Activity	Key Points	Block Section
What theory of the state do you think might apply to your country now? (You might need to think about who you think has the most influence on policy in general or on a particular policy). Do you think your opinion might be widely shared? Does your viewpoint depend on the issue being considered? Is your opinion only one amongst many?	This question should promote thinking about the usefulness of the theories of the state. Whilst they help to describe broad frameworks some students might find them too extreme or deficient. Others might naturally find one or other suits their point of view very well. In a group context, it will be interesting to find whether different students view the same policy-making system in different ways.	5.2
Think about the organisations you belong to. Do any function in a political way—by advocating for the benefit of any groups, lobbying for change, helping or working with political parties, responding to government requests for submissions, or providing membership for government-established committees? Draw up your own list, showing the groups and the ways in which they function.	This is a preliminary question designed to encourage students to think about the organisations they belong to. If they can do that they can begin to analyse such organisations in terms of whether they seek to influence policy in any way. Even if such groups don't deliberately set out to change policy, they could contribute in more passive ways as consumers of public goods or funds, for example.	5.3

What political parties operate in your country? Which ones are successful and which are not? Is a single political party in power or a coalition of parties? How much do you feel the ruling party controls or influences the policy that is formed? How does this happen?	This is a direct analysis of political parties in a country, their relative strength (in numbers and winning elections) and the need for coalitions (if there is one). If there is a single party democracy, or one party that always wins, students should question the reason for that and the fairness of it in terms of policy development. While the party is elected, there is a strong likelihood that particular groups or institutions affect the parties' different policy platforms. These behind-the-scenes impacts ultimately affect public policy and deserve critical comment.	5.3.1
Identify some interest groups in your country. Use the list of Singleton *et al*. (2000, pp. 303-305) above to think about the ways in which they influence policy and compile your own brief list.	Students should be able to work methodically through the list provided to consider examples in their own countries or at least on their own list of interest groups. While different groups or countries might not offer opportunities for influence in all examples, a reasonable range ought to be possible.	5.3.2
Can you think of any strong protest movements in your own country? Use the list you drew up in your previous Self-Assessment Activity to aid you in identifying protest movements or activities in recent years. Scan the newspapers for examples.	As above students should try to look at how the above list covers protest groups and perhaps to compare the two lists and check their understanding of interest groups as compared with protest groups.	5.3.3
Can you think of any social movements in your own country? What key institutions exist in society that might speak out about policy? Use the list you drew up from your previous Self-Assessment question to aid you in identifying any key social institutions or movements in recent years. Use the newspapers for	This question is similar to the two above. Students might identify social movements and think about how they might act to influence policy.	5.3.4

examples.		
From your reading of newspapers, listening to radio, watching television, or even using the World Wide Web, think about the times when the media might have influenced the government in its policy-making. Think also about how you, individually, might have been swayed in your opinion by what you saw or read. Ask yourself whether the media have any influence over policy and also how much, working through some specific examples if you can. Finally, comment critically upon the usefulness and rightness of the media's role in policy-making. Are the large media organisations merely equals amongst the other players or do they have too much influence?	Students might be able to think of examples where governments have felt obliged to respond to criticism in the media. Also they should be able to consider examples when they felt swayed by opinions published in newspapers. Ultimately, the power of the media and the values they display may have an important impact on policy.	5.3.5
How do the lesser levels of government seek to influence policy in your country? How are their policies shaped by the funding, grants, and rules of higher levels of government?	This question encourages students to think about local government and/or provincial or state governments to explore how they try to impact upon higher levels of government; e.g. asking for road funding, etc. They can also think about the financial arrangements between levels of government, who collects taxes and how funds are distributed (with or without conditions). All these factors will impact upon policy.	5.3.7
What impact are international agencies having on policy in your country? How inhibiting and constraining is that? Do any benefits arise, in a policy sense, from this influence? Would the country be better off	Funding with conditions is a common way for policy to be dictated by international agencies. This question asks for an analysis of this plus a critical evaluation of the appropriateness of it. Other controls and impacts might be felt through world trade and environment agreements, defence arrangements, etc.	5.3.8

without this influence?		

Block 6: Optimal Policy-Making

Block 6: Objectives

On completion of the block, participants will be able to:	Key Points	Block Section
Explain the purposes of decision-making models.	Models to describe decision-making for policy as it happens or suggest ways it should ideally happen.	6.1 6.2
Describe the rational policy-making model and explain its strengths and weaknesses as a model.	The rational policy-making model suggests six steps for objective, rational decision-making that tend to assume human ability to identify and evaluate all options and choose best outcomes. While it encourages considered and rationalised decision-making it does not appreciate the limits of human rationality, and the limits to certainty in decision-making environments.	6.2.1
Describe the incremental policy-making model and explain its strengths and weaknesses as a model	Students should be able to explain incremental, marginal decisions that tend to favour the *status quo* and they should also be able to explain partisan mutual adjustment, disjointed incrementalism and strategic analysis. They should also be able to discuss others' or their own criticisms of the model.	6.2.2
Describe the normative-optimum model of policy-making and explain its strengths and weaknesses as a model	The key new foci of this model are metapolicymaking and acceptance of extrarational dimensions.	6.3
Describe two or more other models and explain their strengths and weaknesses as models	Other models such as Vickers' art of judgment model and Etzioni's mixed scanning model, as well as innovative decision-making, the garbage can model, etc. offer a range of alternative or additional approaches that may have difficulties. Students should develop/research their own options.	6.4

Describe some other approaches to understanding policy-making and explain their strengths and weaknesses as models	This is a simple process of summarising and explaining the previous sections but criteria to use might include: normative/descriptive value, rationality, time and people involved, degree of risk, decision-making shift from present situation, etc.	Entire block
Compare and contrast the various policy-making models addressed in this block	This draws on the above exercise but extends to a level of comparison. Since many of the models were developed in reaction to others there is some common ground to commence this comparison. Other areas of commonality would include the degree of normativeness or descriptiveness of the model, its complexity or simplicity, its usefulness, etc.	Entire block
Evaluate the relationship between these models and the cyclical approach to policy-making	The models relate most strongly to the formulation stage of policy-making but since there are often not clear stages and/or since decisions continue to be made in all policy-making stages, the models might be relevant throughout the cycle. Alternatively, the models might display varying levels of acceptance of a cyclical viewpoint.	6.5

Block 6: Self-Assessment Activities

Self-Assessment Activity	Key Points	Block Section
Many of the current trends in policy-making suggest more rational approaches. Can you think of some examples of policies that have been formulated in this rational manner? Can more rational approaches to policy-making ensure better policy?	This question asks students to apply the rational model to the policy that is being made around them. They might be familiar with policy that is being made and might be able to clearly state that rational approaches (in accord with the model) have been used. However, it is as likely that they will conclude that versions of the approach were applicable but did not fit as neatly as the model suggests. If so, it is worthwhile drawing out the differences from the model. Any variations can be discussed for their own sake and/or used for analysis in the following questions. Students might conclude that some	6.2.1

	aspects of the decision-making can be described using all or parts of the other models as well. These discoveries may well draw attention to the very complex nature of decision-making and the very difficult task of developing models to explain them. Students should also consider the likelihood of the best policy emerging from rational models and be prepared to justify any opinions they offer.	
To consolidate your understanding, outline the major features of each of the two policy-making models. Think of a policy example from your experience and briefly indicate how it can be explained by Lindblom's incremental model and/or Simon's rational-comprehensive model. (There is no reason why both models might not be useful in explaining the same policy.) How much do you think the models have in common after modifications have been made?	As indicated above the same policy could be explained by a different model—in this case, the incremental one. On the other hand, students might suggest other examples that fit the incremental model. Using Table 6.1, the discussion in the two sections, and their own knowledge and research, students might develop an opinion about the common ground between the two models. The Smith and May article in the suggested readings is particularly valuable in this regard.	6.2.1 and 6.2.2
List the main features of Dror's model. What is your opinion of the model? How is it a modification of each of the rational and incremental models?	Dror's model is explained in an entire book and there is considerable detail to be covered to master the model completely. The idea of metapolicymaking, or coming up with the best way to approach policy-making in a particular context, is perhaps the most important modification or concession in Dror's model. Certainly, it allows for incremental or rational actions to be taken depending upon the nature of the policy to be made and the context in which it is made. Personal student opinion is also encouraged.	6.3

List the main features of Etzioni's model. What is your opinion of the model? How is it a modification of each of the rational and incremental models? List the main features of Vickers' model. What is your opinion of the model? How is it a modification of each of the rational and incremental models?	Etzioni's model offers the full scanning for big decisions and then truncated rational scanning for lesser, partial policy decisions later. It thereby accepts the relevance of both but suggests that they can work together to achieve desired policy outcomes. It is a modification in the sense that it embraces both as possibilities within a single model. Vickers' model seems to be less a modification than an alternative way of decision-making. It certainly contests the notion of rationality as neutral and objectively possible and relies instead upon the judgement of decision-makers with much experience. In this way they may make incremental decisions, and possibly even rational ones, but the model encompasses decision-making outside these limitations. Personal student opinion is also encouraged.	6.4
How applicable do you think the different models are to public policy-making today? How descriptive are they? Which model do you think would be the most suitable for ensuring good public policy-making? What is the prescriptive value of each model?	These questions encourage some personal opinions to be developed through comparison of the various models, using criteria such as how descriptive or prescriptive they might be. Students may refer back to Block 2.6.1 for reference to deciding what is 'good' policy.	6.5 and entire block

Block 7: Policy-Making: Contemporary Issues

Block 7: Objectives

On completion of the block, participants will be able to:	Key Points	Block Section
Analyse the way in which ethics is incorporated into policy-making processes in different contexts and evaluate the strengths and weaknesses of this.	The key points might be that all players will have ethical responsibility though different codes might define and control this. There is a range of theoretical perspectives to guide behaviour. Not all things can be codified and ethical behaviour might be a personal responsibility or require leadership.	7.2
Discuss the importance of accountability in government activity and explain some of the key strategies and methods that might be used in policy to ensure accountability.	Accountability, the obligation to be able to answer for or account for one's actions and choices, permeates the public sector and policy-making. Understanding the lines of accountability, and the need to be able to achieve stated objectives isimportant. Being able to maintain accountability in a complex web of policy-making and implementors of policy, is difficult, especially in changing situations.	7.2.2
Discuss how policy is implemented and evaluated and how this may lead to accountability, or fail to do so.	Figure 7.3 is especially valuable in showing how accountability might break down.	7.2.2
Explain the importance of transparency in public policy and discuss some of the ways it might be achieved.	This is about making actions and decisions very visible, with the expectation that citizens will be able to understand and appreciate decision-making criteria and gain information readily.	7.2.3
Briefly explain and discuss other important contemporary issues in policy-making, such as participation and consultation, and economic pressures.	These are all relatively self-explanatory. It is important to be able to identify some issues and briefly discuss them though none is necessarily more important than the other. National context might make a difference as might other factors.	7.3, 7.4 and 7.5

Block 7: Self-Assessment Activities

Self-Assessment Activity	Key Points	Block Section
If you work in the public sector, find out whether there is a code of conduct that governs your behaviour. If so, compare it to the principles and points made in the section above to assess whether the code is able to achieve any of the stated aims. You should be able to evaluate how workable such principles are in a realistic context. What weaknesses do you think there are in the mechanisms availability for seeking ethical behaviour? Use your own awareness of the levels of ethical policy-making that occurs and the prescriptive literature discussed above.	Using existing codes of ethics that guide the students' behaviour in their working contexts is a useful starting point. If there are no such codes then it would be useful to use a published one from a government agency or textbook and to evaluate it using the questions here. Sometimes, perhaps often, the behaviour outlined in codes of ethics simply represents ideals or suggestions, with little in the way of punitive action for failure to comply. Without this, it might be asked whether people are likely to comply. Other elements such as embarrassment, shame or public pressure over failure to comply might be important. The applicability to real situations might depend on the level of bookwork required, the existence of procedures to support suggested actions, etc.	7.2.1
What are the differences between accountability and ethics and how do they relate to each other? Is it possible to have one without the other? Using Ward's chain of accountability and the breakdown in the chain of accountability (Figures 7.2 and 7.3) draw up an account of the chain of accountability in your own country. Is accountability an achievable goal in public policy? Explain your argument.	Students need to understand what each means and therefore clearly draw any links and differences out. They should definitely ask if one can exist without the other. This might be a contextual answer. Students should use the figures as a guideline to consider how accountability occurs in their own country and/or context. The last question is one of opinion but needs well-justified argument through research and deduction.	7.2.2

Is transparency just another accountability mechanism? If so, what is its particular feature and what benefits do you think it serves? Is transparency a key issue in your home country? If so, how does it work? If not, should it be?	Transparency might be best understood as a sort of pre-emptive accountability—that is, making sure all the answers to any questions that might emerge, are answered openly and clearly in policy documentation, before the questions even arise. They pre-empt questions, because the answers are already there. People are accountable for their actions and because they are aware of that they explain the reasons for their decisions at the beginning. Transparency is often mentioned as an ideal, and also as a currently popular way to treat policy. Its real use in policy is more contentious and less common.	7.2.3
By reviewing policies currently being considered try to determine whether any of the above pressures are causal in making that policy of immediate interest. Is there a pressure to cut back on government spending, are citizens applying pressure for governments to provide further information? Do rational approaches to policy-making accommodate the pressures for participation and consultation, and for ethical behaviour? Would some of the features of incrementalism be more applicable?	These questions guide students through some of the key questions in the remainder of the block. They also draw some links between earlier topics of rational decision-making and ethics. The questions are broad and are seeking general responses. They should serve to demonstrate the interconnectedness of policy topics. Participation and consultation in policy-making is popularly espoused in many countries, though its reality is not always so common. In some countries it might not be a realistic approach and if it does exist, it may only tap a portion of the population; e.g. only selected groups may be consulted. This should draw attention to the limits of power and voice distribution as suggested in the theories of the state.	7.3 and 7.3 and remainder of block & 5.2 in Block 5
List any other contemporary issues that you think are relevant to policy-making in your country. Try to think about the unique circumstances that might exist in your country and whether they might be the	This question enables students to continue in the same vein as the rest of the block, to consider other key contemporary issues that have not been covered in the block. There isn't any limitation to these. Sometimes they may seem related to those discussed—for instance, global trade issues have	Entire block

cause of different pressures. For instance, the pressures could be as diverse as social structure, levels of poverty and education, war and hostility, history, religion, etc. If you can identify any pressures, consider what impact they are having on policy development in both short-term and long-term contexts. What impact are they having on big policy decisions and on more routine ones?	economic elements. They might also be relatively new or distinct from those discussed. This is an exploratory question to encourage wider thinking and an appreciation that students have the capacity to think creatively in the subject area.	

SC1 Public Policy

Sample Examination

You must answer four (4) of the following eight (8) questions. Each question will be marked out of ten (10). The total mark out of forty (40) will be adjusted to a final mark out of thirty (30).

1. Public policy can be made and exercised in a number of ways. Discuss and explain this notion by defining public policy and explaining some of the policy instruments and mechanisms that might be used to provide or administer public policy.

2. Compare and contrast at least three policy decision-making models in terms of their value as prescriptive models.

3. Policy-making is an ongoing, dynamic process, not a static one. Once policy is formulated it is constantly subject to change and modification. Discuss.

4. Politicians are not the only people who can influence policy. What other participants are involved and what is the nature of their involvement?

5. In what ways does the political system influence how policy might be formulated and what roles do the various institutions play in policy-making?

6. Explain some of the contemporary issues that exist in the current policy-making context and explain how they might affect policy.

7. The Westminster system has been established as a policy-making model in many parts of the world. Discuss the advantages and disadvantages of the model and compare it with policy-making in a different type of political arrangement.

Explain the stages of the cyclical model of policy-making and critically analyse how realistic these may be in understanding policy-making as it occurs in practice.