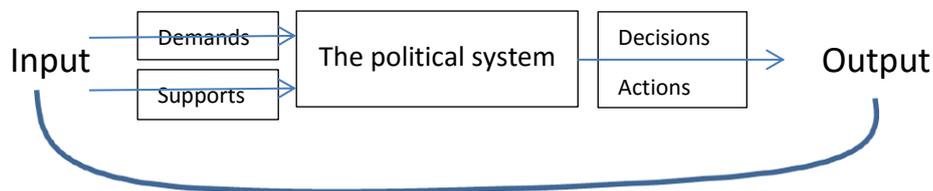


Policy Models

Introduction

As showed in lecture 13, there is a bunch of various concepts to analyze policies (policy studies/policy analysis/governance analysis). A background of this conceptual diversity is the fact that policies arise in extremely diverse manners and context conditions. Looking at economics and applied social sciences, we detect even bigger diversity of analyzed policy challenges and policy methods. A reasonable conclusion from that complexity may be to consequentially differentiate applied political studies. Political analysis as a systematic approach, however, operates with concepts and models as comprehensive as possible.¹ That approach makes think of David Easton's Political System model.

Figure 1: *The political system according to David Easton*²



Easton refers to the political system as a functional unit processing single demands and supports (input) into political decisions and actions (output). From the produced output a feedback loop goes back to the input - together an appealing and widespread model in Political Science. But does this model show policy aspects of political life? With some creativity, it may be supposed to do so. Since within the political system, demands and supports for some policies may be processed into policy decisions and actions. Any substantial assertion on policy aspects, however, is not contained in Easton's process model.

¹ Popper, Karl (1934/1969): Logik der Forschung (Logic of Research), Tübingen: Mohr (Siebeck)

² Easton, David 1965: A Systems Analysis of Political Life, New York, p. 32

The significance of this insight becomes clear if we consider specific features of public policy: Public policies presuppose a certain degree of commonality because only based on common views public challenges are perceivable and jointly accepted decision-making can advance. This commonality goes beyond a nothing but aggregative implementation of given power structures. But Easton's model enables both: A pure conversion of given power structures into decisions and actions - see the usual name *input-conversion-output-model* - or an enlarged and creative processing of inputs into new outputs. That is: Different logics of interaction may frame the political process, the logic of law, the logic of interest, the logic of power, or the logic of war.³ But only based on the communal logics of law and integration, public policies can come up and become prevalent. If, in contrast, the pure logic of power or even the logic of war dominates, public policy has low or no chances to be realized.

That's why, particularly in international politics, increasing significance of the policy dimension marks an advanced quality of the political process. Therefore, going beyond Easton's system model, we have to study policy models in particular. In the following, I'll present some selected models on policy substance in particular. The best known model of this type is the *Policy Cycle*.

1. Policy Cycle

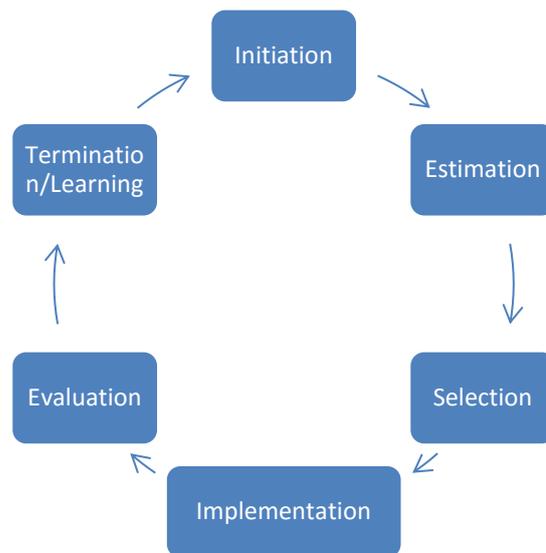
In the year 1956, the US American political scientist Harold Lasswell presented his idea of structuring decision-making on public policies in (seven) serially linked stages.⁴ In the then coming decades, a lot of slightly differing variants of this *Policy Cycle* has been presented, amongst them the version of Brewer/de Leon 1983, presented in figure 2:

Figure 2: *The Policy Cycle according to Brewer/de Leon*⁵

³ See lecture 6

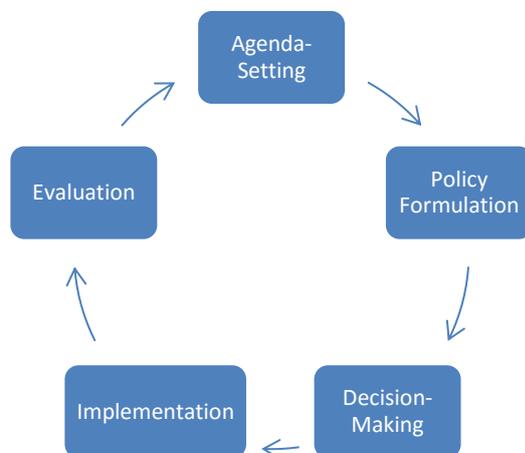
⁴ Harold D. 1956b. *The Decision Process: Seven Categories of Functional Analysis*. College Park: Bureau of Governmental Research, University of Maryland Press

⁵ Brewer, G.D./Leon, P. 1983: *The Foundations of Policy Analysis*, Homewood.



According to this version of the model, a public policy is to be initiated, estimated, selected, implemented, evaluated, and finally terminated. Instead of finishing the cycle, it may be learned something, such as how to make some things better in implementing a policy.

Figure 3: The Policy Cycle according to Howlett/Ramesh 2003



Often corresponding with Howlett/Ramesh 2003, many authors have come to another version of the model, focusing on agenda-setting, policy formulation, public policy decision-making, implementation, and evaluation (figure 3).⁶ Howsoever stimulating those different models may be - they are hitherto not discussed according to defined criterions. Instead of a theoretically reflected

⁶ Michael Howlett, M. Ramesh 2003: Studying Public Policy: Policy Cycles and Policy Subsystems, Oxford University Press.

discussion, undefined associations decide about what is considered to be right. If we launch those criteria, policy cycle models become better assessable: So according to process respectively politics criteria the Howlett/Ramesh version appears to be superior because agenda-setting and decision-making are clearly processual demands. In case we focus on the question how a policy is substantially developed, the version of Brewer/de Leon prevails. Since the substantial initiation of a policy process obviously goes back behind agenda setting; and significant processes of estimation and selection take place also aside of formal decision making.

Corresponding with a substantially policy oriented version of the cycle in that sense, complementing model elements become relevant, such as the differentiation between policy outputs, policy impacts, and policy outcomes: Whereas **policy outputs** refer to formal results of decision making (paper results), **policy impacts** refer to the impact of a decision on actors of implementation. **Policy outcomes**, finally, refer to practical results noticeable by the social and economic addressees including consumers (see figure 4).⁷

Figure 4: Policy output - impact - outcome



Particularly in processes of evaluation, the criterion of assessment has to be determined. Also aside of those processes, serial consequences from outputs to impacts and outcomes appear to be significant. Here different context conditions, such as different networks and different ways of evaluation, may be included into the analysis.

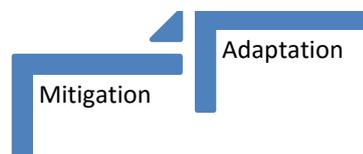
2. Depth of intervention

⁷ Denotations of the terms vary - see for instance: <http://www.sustainicum.at/de/tmethods/view/12.iooi-Methode-Input-Output-Outcome-Impact-der-Bertelsmann-Stiftung> and: The so-called Logic Model: http://en.wikipedia.org/wiki/Logic_model

Any policy that is aimed at managing a **negatively assessed process** operates with a certain depth of intervention. The most basic difference under this aspect refers to adaptation and mitigation - see for instance climate policy: Countries foster efforts to adapt to the ongoing process of climate change, so by building higher dams or by changing types of crops. And/or they try to mitigate climate change by reducing greenhouse gas emissions.

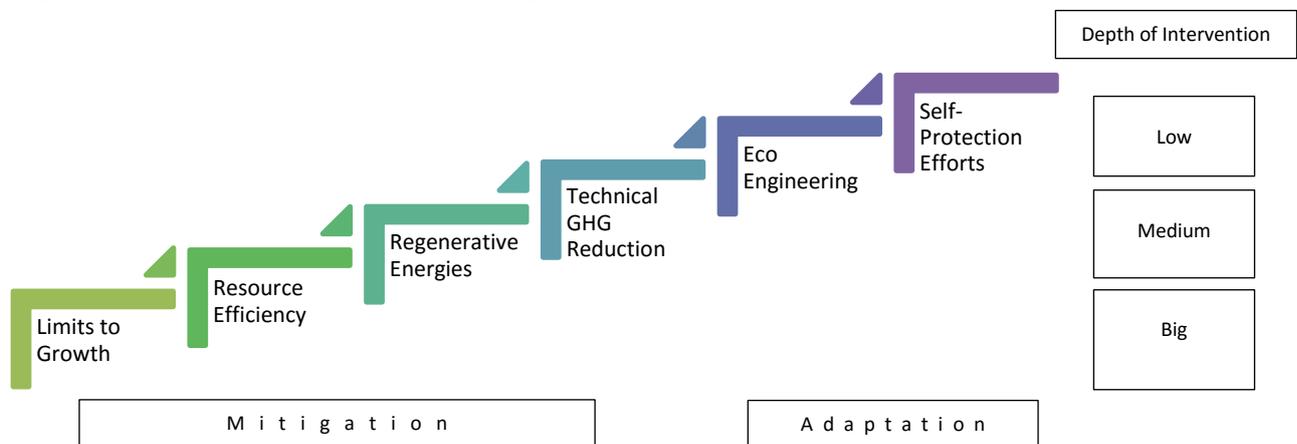
While adaptation operates with relatively low depth of intervention, mitigation requires deeper intervening. If we understand and present both approaches as two management options following each other, figure 5 arises.

Figure 5: Depth of Intervention



Both approaches, particularly mitigation, may be differentiated in more specific management options - see figure 6 concerning climate change policy.

Figure 6: Options of climate change policy (depth of intervention)

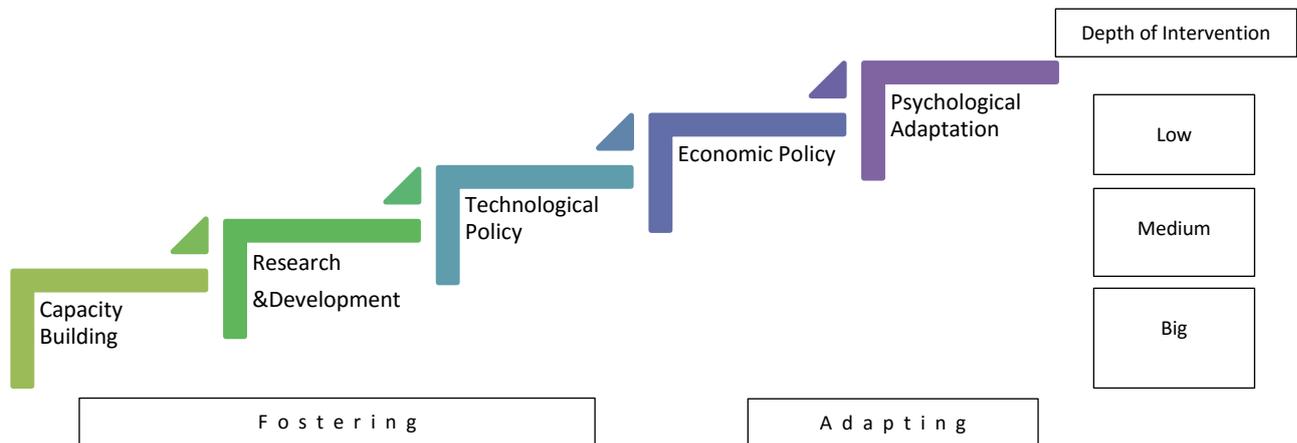


While mitigation can be realized in various manners, such as by technical reduction of greenhouse gases (GHG), by the transition to regenerative energies, by increasing resource efficiency (energy saving), or even by limits to (economic) growth, adaptation is possible by eco-engineering (such as growing more forests or atmospheric engineering like launching sun-mirrors) as well as

by immediate efforts to better protect oneself from climate change impacts (such as by heightening dams).

Principally, this model may be applied also to **positively assessed processes**, such as innovation (see figure 7).

Figure 7: Options of fostering innovation



Thinking and managing based on those models implies even bigger effects if certain levels of intervention are associated with analyzing typical types of context conditions - see for instance certain networks around research & development or economic policy.

3. Economics: Goods and Bads

In economics, a good satisfies human wants and provides utility, for example, to a consumer making a purchase. Goods may increase or decrease their utility directly or indirectly and may be described as having marginal utility (by adding some portions). A bad is the opposite of a good; it lowers a consumer's level of happiness, or stated alternately, it is an object whose consumption lowers the utility of the consumer. With a bad both money and the object in question go the same direction. For instance: The waste collector is being compensated to take the object from the consumer. In this way, garbage has a negative price; the waste collector is receiving both garbage and money, and thus is paying a negative amount for the garbage.⁸

⁸ Good (economics), January 18, 2015: http://en.wikipedia.org/wiki/Good_%28economics%29
Bad (economics), January 18, 2015: http://en.wikipedia.org/wiki/Bad_%28economics%29

Some things are useful, but not scarce enough to have monetary value, such as the Earth's atmosphere, these are referred to as 'free goods'. The following chart illustrates the classification of goods according to their exclusivity and competitiveness.

Table 1: Classification of goods according exclusivity and competitiveness

	<u>Excludable</u>	Non-excludable
<u>Rivalrous</u>	<p>Private goods food, clothing, cars, personal electronics</p>	<p>Common-pool resources fish stocks, timber, coal</p>
Non-rivalrous	<p>Club goods cinemas, private parks, satellite television</p>	<p>Public goods free-to-air television, air, national defense</p>

While private goods are excludable and rivalrous, that is to be paid, public goods are non-excludable and non-rivalrous, that is free. Common-pool resources, such as fish stocks, are indeed non-excludable, but rivalrous. Club goods, finally, are non-rivalrous (between the members of a group), but excludable.

Goodness and badness are an inherently subjective declaration, however. A good consumed by the same individual can also turn into a bad over time. So the nicotine from cigarettes may give a smoker a feeling of reduced stress. Continuing, long-term consumption of cigarettes, however, may have serious adverse effects on a smoker's health, thus turning the utility of cigarettes into the negative. On the other hand, some forms of medical treatment or side effects of medication may seem rather unpleasant to a patient at the time of treatment, but will greatly improve their health and well-being in the long run.⁹

⁹ Ibid.

4. Equilibrium models

The concept of equilibrium is in the thick of modern economics. The economist Huw Dixon defines three basic properties of equilibrium in general:

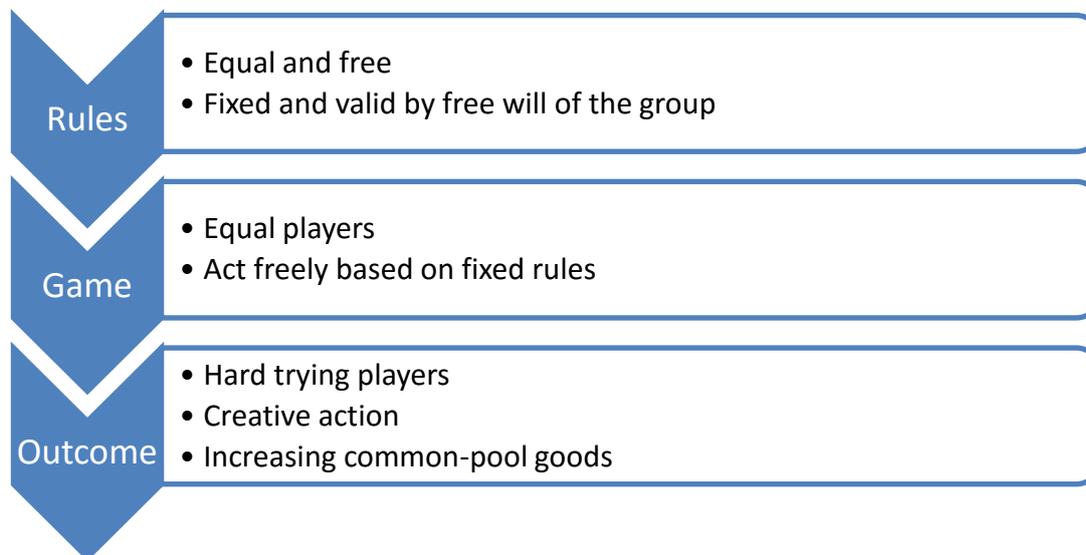
1. The behavior of agents is consistent (i.e., it is rational in all parts).
2. No agent has an incentive to change its behavior (so-called Nash equilibrium).
3. Equilibrium is the outcome of some dynamic process (stability).¹⁰

Informal equilibrium models are used also in economic policies - see for instance the idea of a *magic equilibrium* of price stability, reduction of joblessness, economic growth, and international exchange rates.¹¹ Beyond economy, equilibrium models may be usable also in many other public policy areas, such as social policy and foreign policy.

5. Bound Governance

Like the Policy Cycle, the Bound Governance model does not refer to a specific substantial area of public policy. It rather constitutes a principal governance type (see table 2).

Table 2: Bound Governance



¹⁰ Dixon Huw David 1990: Equilibrium and explanation, in: John Creedy (Ed.): The foundations of economic thought, Blackwell: January 18, 2015: <http://huwdixon.org/SurfingEconomics/chapter2.pdf>; see also <http://huwdixon.org/surfing-economics/index.html>

¹¹ Invented by Karl Schiller, former Federal Minister of Economic Affairs in Germany

Bound Governance is a two-level system comprising a rule level and an operative level. While the rule level is dominated by the will of the whole group of involved actors, the individual players act freely on the operative level. Although the rule level should comply with functional needs of operative action, fixation and interpretation of rules in practice need to be strictly independent of the will of single operative actors.

If bound governance is possible, it usually implies a very positive outcome: The involved players try hard, creative action is on, and common-pool goods, such as common joy, recreation, or common performance, are stimulated. Not only that's why bound governance may be perceived as a prescriptive policy model; also because agreed rules of bound governance may deeply intervene into aspects of public policy, such as rules for managing external effects (like noise) and unethically big differences of results. In short: Bound governance may imply socio-political and environmental rule elements.
