

1 Why Policy Matters

Public policy is how politicians make a difference. Policy is the instrument of governance, the decisions that direct public resources in one direction but not another. It is the outcome of the competition between ideas, interests and ideologies that impels our political system.

There have been many attempts to define 'public policy', but its meaning and boundaries remain ambiguous. Some policy documents and pronouncements are clearly expressions of public policy. Others are of uncertain status. For example:

- A bill states policy but may not pass parliament.
- A white paper states government policy intentions but these may not be realised.
- A ministerial statement might be policy, or it might just be one view on the way to the government forming a position.
- Election platforms describe a political party's intentions, but do they state the policy of the resulting government?
- Is it 'policy' when departmental activities proceed without explicit statement of intent, continuing from government to government, never exciting public interest or political scrutiny?

Hal Colebatch (1998) has explored the many definitions offered for 'public policy'. Often, policy is no more than 'whatever governments choose to do or not to do'. Sometimes we use the term to describe very specific choices, but the notion also embraces general directions and philosophies. There are also times when 'policy' becomes clear only in retrospect; we look back and discern the patterns and continuities of a set of choices, and call these 'policy'.

This multitude of meanings is inevitable, since policy is a shorthand description for everything from an analysis of past decisions to the imposition of current political thinking.

Snapshot

We can agree public policy is important without being certain of the definition. However, we can describe some important characteristics of public policy. It:

- 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.

This chapter describes public policy as an authoritative statement by a government about its intentions. It also views public policy as relying on hypotheses about cause and effect, and as structured around objectives.

Policy implies:

- authority
- expertise
- order.

Colebatch (1998:7)

This chapter describes policy in three different but compatible ways. First, policy can be the *authoritative choice* of a government. Second, policy is an *hypothesis*, an expression of theories about cause and effect. Finally, policy is explored as the *objective* of governmental action.

Public policy is 'deciding at any time and place what objectives and substantive measures should be chosen in order to deal with a particular problem, issue or innovation'.

Dimock et al. in
Colebatch (1993:33)

Policy as authoritative choice

Public policy emerges from the world of politics. This can be a chaotic place in which ideas must find a path between the intentions of politicians, the interests of various government institutions, the interpretations of bureaucrats and the intervention of pressure groups, media and citizens.

Central to this political world is the executive, that group of ministers around the leader, who exercise the authority of government on behalf of the parliament. Ministers understand the political nature of their work, but they also appreciate that other players need authoritative statements of policy direction. Power is exercised through the ability to issue directives and decisions expressing intention. Through policies, governments make their mark. From the chaos of politics must emerge the certainty of action.

Policy, then, can be seen as an authoritative response to a public issue or problem. This suggests that public policy:

- is *intentional*; public policy means pursuing specific government goals through the application of identified public or private resources
- is about *making decisions* and testing their consequences
- is *structured*, with identifiable players and a recognisable sequence of steps
- is *political* in nature, expressing the electoral and program priorities of the executive.

Public policy is about what governments do, *why*, and with what consequences.

Fenna (1998:3)

Politics is about who gets what, when and how.

Lasswell (1951)

Policies reached through a decision making framework:

- express a considered response to a policy issue
- help shape a government's philosophy
- are an authoritative framework of the government's beliefs and intentions in the policy area.

Policy decisions are authoritative because they are made by people with legitimate power in our system of government.

These decisions might bind public servants to act in a particular way, or direct future action (such as preparing legislation for parliament's consideration) or allocate money to a program.

Even authoritative decisions may not be realised. The slip between hope and outcome is all too familiar. Nor does the authoritative nature of public policy mean that government has deliberated on every issue. Each government must work from the legacy of its predecessors. Comfortable bureaucratic routines often reflect an ancient policy decision. It is all the more important, then, for a well developed policy process to ensure that intentions are regularly considered and examined against results.

Policy as hypothesis

Policies are built on theories of the world, models of cause and effect. Policies must make assumptions about behaviour. They contain incentives that encourage one behaviour over another, or disincentives to discourage particular actions. Policies must incorporate guesses about compliance, and mechanisms to deal with shirking and encourage compliance.

But public policy is not a laboratory experiment, and it is difficult to test behavioural assumptions before a policy is implemented. Cabinet might, for example, judge that a package of taxation measures will elicit a desired response from the citizens. Until the government announces the tax and measures its effects, ministers remain unsure whether they have correctly identified cause and effect in the tax system.

Policy is created amid uncertainty, and tested in the most demanding of circumstances. Policy makers learn by finding and correcting errors in policy assumptions and design.

Good policy processes will make behavioural assumptions explicit, so that decision makers understand the model of the world that supports a recommendation. To think of policy as hypothesis puts into words the mental calculations that guide all policy advisers and makers.

Understanding policy as hypothesis also stresses the importance of learning from policy implementation and evaluation. Good policy making assumes an ability to draw lessons from policy experience and to apply those lessons in the next turn through the policy cycle. Given the multiple players in policy making, and the often drawn-out processes

Public policy versus private policy

Public policy is a course of action by government designed to attain specific results. Non-government organisations have policies too, but they cannot call on public resources or legal coercion in the same way.

Policy can be seen as:

- a label for a field of activity
- an expression of general purpose or desired state of affairs
- specific proposals
- decisions of government arising from crucial moments of choice
- formal authorisation—a specific act or statute
- a program—a particular package of legislation, organisations and resources
- output—what government actually delivers, as opposed to what it has promised or has authorised through legislation
- the product of a particular activity
- theory—if we do X, then Y will follow
- a process unfolding over a long period of time.

Adapted from Hogwood and Gunn (1990:13–19)

involved, incorporating policy learning can be difficult. Hence the need for a structured policy process, so that learning is documented and passed on.

As American policy analyst Aaron Wildavsky (1987:393) observed, ‘we hope that new hypotheses expand into theories that better explain the world’. These better theories, guided by the results of evaluation, become the basis for improved public policies.

Policy as objective

Public policy is ultimately about achieving objectives. It is a means to an end. Policy is a course of action by government designed to attain certain results.

The policy process must help decision makers clarify their objectives. A policy without purpose serves no purpose, and may do a great deal of harm. When policies that lack point or coordination take effect, programs begin to draw in different directions, the overall strategy disappears, and commentators soon speak of a government ‘losing its way’.

Good policy advice avoids this trap by making explicit:

- the form of authoritative statement required
- the model of cause and effect underpinning the policy
- the goals to be achieved.

As later chapters illustrate, an effective policy cycle checks a particular policy proposal against the broader objectives of government. Through consultation and interaction, the policy cycle encourages consistency, so a new policy will fit into the wider picture of government activity. Public policy is made by many people, in a chain of choices that includes analysis, implementation, evaluation and reconsideration.

This coordination is only possible, though, if policy objectives are stated clearly and honestly. When intentions are uncertain or contradictory, a policy has little chance of success. Setting an objective is the first step in a long process. It is also the most important since only an objective can give point and reason to a public policy choice.

It is easy to lose sight of policy objectives. The ‘solution’ may become more important than the problem. Policy activity is very fast moving; once a decision is made, work gathers momentum. Time and authority to reflect on the chosen

direction are limited, allowing a poor decision to cascade into a policy far removed from the original intention.

Objectives may be overtaken by unintended consequences—side effects discovered only after the policy is implemented, and which undermine the policy's effect or create new, complex problems. A scheme to license a particular activity can create a powerful elite, strongly wedded to the policy and so politically influential that later modification becomes costly and difficult. Taxation relief may distort the market for goods or services other than those originally targeted.

To keep policies focused on objectives, policy makers rely on a policy cycle that includes project planning and evaluation. Along the way they are likely to ask:

- What is the purpose of the policy?
- How will it affect
 - overall government direction
 - the department
 - client groups
 - interest groups
 - society?
- What is the relationship between the means of implementation and the policy objectives?
- Are there other means of implementation that are simpler?
- How will this policy relate to other government objectives?
- Can it make a difference in the ways intended?

Through a systematic policy cycle, decision makers seek an authoritative choice, based on a plausible hypothesis, that can deliver required outcomes. This deceptively simple formula sums up the challenge of good public policy.