

Compare and contrast two policy areas economics essay



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There is a debate on what the most appropriate method for a policy formulation, whether the policy cycle model or the Kingdon's garbage can model. Different policy areas may be a product of different policy processes. In reality, it can be seen that some policies may take long time to be ready to implement while other issues capture policy makers' attention and put in place shortly (Tiernan and Burke 2002, 86). The argument of this paper is that in the implementation of policy-making, while the characteristics of 'the policy cycle model' and 'the Kingdon's garbage-can model' may appear together, there may actually be only one model which would manifest itself or dominate to policy making process. The writer will use two different policy areas to demonstrate this argument.

This paper will have structures as follows; firstly, it will compare the concepts of policy cycle model and garbage can approach which is preceded by the definition of public policy. Secondly, it will describe the implementation of the policy cycle model on the Indonesian government policy on the elimination of trade tariffs on imported goods from Japan. This regulation is an implementation of the Agreement on Economic Partnership between the Indonesian government and Japan. Thirdly, it will describe the implementation of the garbage can model on the Indonesian government action on emergency response on the Situ Gintung Dam disaster in 2009 in Indonesia. Lastly, it will summarise the main points of the paper and restate the main argument.

Several scholars provide different definitions of public policy. However, this paper will use one of them as a starting point in comparing the policy making models in two different policy areas as mentioned above. Public policy is

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about what government concerns to address public issues and increase public welfare. Colebatch (1998, 2006 cited in Althaus, Bridgman and Davis 2007, p. 5) defines public policy as 'whatever governments choose to do or not to do'. This definition deduces several possibilities of what government will do when there is problem in public. Government may solely address the problems; may let other actors to solve the problems with government regulations; may work with other actors to solve the problems; or may do nothing at all. For example, regarding the issue of decreasing on the education quality in secondary school, to address this problem, government may review policy on education system and increase public school quality. Other example to on what government not to do is in the case on the privatisation of transport service providers which is projected to increase efficiency and reduce government spending.

In comparing two models of policy formulation, the writer identifies several different characteristics of the two models. The first characteristic of policy cycle is the use of rational measurement. Proponents of policy cycle argue that a series of rational stages allows policy cycle works based on embedded rationalism (Bridgman and Davis 2003, p. 98). However, the opponent criticises that a good policy needs more than an effective process - good policy entails good content and good content does not necessarily result from an effective process (Everett 2003, p. 67). To respond this criticism, Bridgman and Davis (2003, p. 101) use Drior's point of view that alternative solutions are tested against the objectives to gain one rational decision while policy cycle presumes that there is no such outcome. It goes on that the stages in policy cycle are a logical process in terms that each step has a

result for the next step, but it does not embody formal rationality (Bridgman and Davis 2003, p. 101). Moreover, Davis et al. (1993, p. 160-1 cited in Althaus, Bridgman and Davis 2007, 59) underline rational comprehensive model which follows a logical, ordered sequence and comprehensive because it canvasses, assesses and compares all options. It seems that both sides, the proponents and the opponent, look weather policy cycle rational or not from different perspective which makes them come to different ends. However, in writer perspective they all are right.

The stages of policy cycle model can assist policy makers to do their jobs because the stages can be broken down. However, Everett (2003, p. 67) claims that policy cycle can't resolve controversial or contentious issues or replace political contest. To address this doubt Bridgman and Davis (2003, p. 101) argue that most of government activities are routine and only a few which is unusual. In writer's concern, although government does routine activity but issues change along the time and the office work history sometimes is not sufficient to portray the issues. Therefore, this model does not much help decision makers.

It is claimed that consultation stage in policy cycle model enhances policy formulation for a better implementation. The opponent of this idea, Everett (2003, p. 67) claims that community consultation fails to address issues related to political contest. It goes that community consultation only results little more than a wish list rather than solution. To address this doubt, Bridgman and Davis (2003, p. 101) argue that political interest does not always burden the government routine, however, if so, typical follows the same process to make less contentious issues. In this point, the writer <https://assignbuster.com/compare-and-contrast-two-policy-areas-economics-essay/>

agrees that community consultation is a step forward to open democracy although it can't provide satisfying solution for all. This model will be more appropriate for a routine policy because it takes time following the stages.

Turning to the garbage can model, it is believed that this model has different approach with the conventional model of policy making. Kingdon's garbage-can model rejects the policy cycle approach by arguing that policy formulation happens within organisation which has characterised by uncertain or different policy interest, unclear internal rules and unstable participation patterns (Cohen et al. 1972, p. 1; Howard 1998; Davis et al. 1993, p. 173 cited in Tiernan and Burke 2002, p. 87). Furthermore, Tiernan and Burke (2002, p. 87) explain that the Kingdon's garbage-can theory are antithesis of rational decision making approach. This model is appropriate to address issues which need quick response because it does not follow many stages. For example, in combating terror actions, decision makers have to make quick decision and take actions. Sometimes trial and error strategy works in such a chaotic situation.

According to Kingdon (cited in Zahariadis 1999, p. 76) decision making works through three streams, namely, problems, politics and policies. Problems may attract policy makers to find solutions or problem leads to solution. For example, the oil spill disaster in the Gulf of Mexico on 20 April 2010. It may capture policy makers' attention to formulate a regulation to give huge tax and royalty to oil industries in order to reduce the reliance on oil and shift to alternative fuel (British Petroleum 2010, online) . Political stream involves the contention of pressure group campaign, interest groups, administrative and legislative, judicial, executive. Policy stream revolves around wide range <https://assignbuster.com/compare-and-contrast-two-policy-areas-economics-essay/>

of ideas generated by policy communities, networks and researchers (Zahariadis 1999, pp. 76-77). Issues will capture policy makers' attention when they are in the three streams at the same time. Kingdon (1995, p. 165 cited in Zahariadi 1999, p. 77) calls these conditions as 'policy window'. Furthermore, he explains that when policy window opens, which is unpredictably, policy entrepreneurs have opportunity to orchestra to promote their position in the future.

In order to compare the two models above, the writer breaks down the first case study into the stages according to the policy cycle model in the Australian government. To start with, Althaus, Bridgman and Davis (2007, pp. 37-40) maintain that the Australian policy cycle comprises of the phases of identifying issues, policy analysis, policy instruments, consultation, coordination, decision, implementation and evaluation. The relationship among those stages will be described together with case study on the policy on elimination of trade tariffs on imported goods from Japan (the Ministry of Finance Regulation number 95/PMK. 011/2008). The writer applies the policy cycle model with an assumption that this model is appropriate for developing policy in a normal condition in term of government routine activities.

The implementation of policy cycle concepts for developing regulation on trade tariffs.

The first stage of policy cycle normally begins with defining problems. This is mentioned by Parsons (1995, p. 81) who argues that stages of policy cycle starts from defining problem and agenda setting, implementation and up to evaluation. The same idea is disclosed by Althaus, Bridgman and Davis (2007, p 38) who contend that 'much policy begins with identifying issues'.

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However, in writer perspective, it may start from other stage when there is no public issue, but government want to change its policy. Furthermore, it is believed that an effective policy requires overhaul because of more information occur during its formulation process (Althaus, Bridgman and Davis 2007, p 38). These proponents agree that this model allows policy maker to review the previous steps when there is a new finding which may influence the success of policy implementation.

Regarding the policy on eliminating trade tariffs barrier between the government of Indonesia and Japan, the idea was emerged by the Indonesian President and Japan Prime Minister Junichiro Koizumi during the Asia Pacific Economic Countries (APEC) Summit Meeting in November 2004. The two leaders agreed to tighten the economic relationship between two countries. In writer's concern, the meeting between two countries' leaders refers to the Kingdon's Garbage-can theory, as actors who enforce selected alternative solution (Kingdon 1995, p. 116 cited in Tiernan and Burke 2002, p. 88).

Follow up meeting was held on December 2004 between the Minister of economic, Trade and Industry from the two countries to discuss about a Joint Study Group to explore future possibility to an Economic Partnership between the two countries. Another meeting was conducted between the Indonesian Vice President and Japan Minister of foreign Affair in January 2005 which planned to hold a three round meeting in April 2005. This meeting recommended a negotiation on bilateral economic partnership agreement.

A three round meeting was conducted in Bali, Jakarta and Tokyo. The meeting was attended the representative of related departments, agencies,

academic and private sectors from two countries. These meetings discussed a wide range of issues about the economic relationship particularly on the possibility to increase the benefits from the economic partnership. The last issue is that Japan has been the largest country for goods export destination from Indonesia and vice versa. Other things are that Indonesia is an important energy exporter to Japan, while Japan is the largest provider of official development assistance for Indonesia (Join Study Group Report 2005, p. 4).

Since the Asian economic crisis 1997, the direct investment from Japan declined although it was noted that Japan was the highest foreign investor in Indonesia with 19.7% accumulated during 1967 - 2004 (Join Study Group Report 2005, p. 3). This is also supported by OECD's survey which noted that Japan was the highest investor in Asia from 1982 - 1997 (Japan Ministry of Finance cited in Thomsen 1999, pp. 12-13). But, these indicators are only a symptom of the real issues. As Lindblom (1968, p. 13) indicates that 'policy makers are not faced with a given problem'. Therefore, in writer's concern the real problems are that the economic crisis 1997 had weakened Indonesian to buy domestic metal-based products which have imported components (from Japan).

The next stage of policy cycle is policy analysis. In this stage, policy analysts work based on the information gathered in relation with the identified issues. According to Althaus, Bridgman and Davis (2007, p. 38) policy analysis refers to the debates of public servants with the related professionals and experts in order to formulate information to decision makers. In relation with the issues of declining Japan investment and enhancing domestic metal-based

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industries above, the debate was held in the Department of Economic, Trade and Industry, involving the economists and the Indonesian Chamber of Commerce as representative of private sector. During this stage, policy analysts seek appropriate model to increase to make the goods are affordable to public. Economists may employ cost benefit analysis to reduce the goods price in order to support domestic industries. Alternatively, analysts may apply incremental rationality approach to reduce the trade tariffs rate gradually while hoping for positive impacts on the public and industries.

In writer's perspective, policy analysts work under Kingdon's Garbage-can approach in selecting formulations of sequential post tariffs which have to be eliminated during the period of 2009 until 2012.

The following step of policy cycle is choosing what policy instrument to be used, whether a policy need a new legislation or change programs or adjustment in the operational level. Selecting appropriate policy instruments is essential to a success of public policy because each instrument has its limitation. Drawing from Hood's classifications, the Australian public policy instrument is classified into advocacy, network, money, government action, and law (Althaus, Bridgman and Davis 2007, p. 89). Each instrument has different capability to achieve policy goals. Some policies do not need to be in the form of legislation products. For example, to control the use of electricity, government may apply different rate for a certain level of power unit used. Otherwise, government may suggest publics to reduce electricity consumption through a campaign or subsidy.

Regarding the information resulted by policy analysts in the Department of Economic, Trade and Industry, the Indonesian government chose 'law' as instrument to implement policy on trade tariffs. According to the Government Decision no 42/2002, all public revenues should be regulated under the Minister of Finance regulation (Government of Indonesia 2002, President Decision no. 42/2002, article 2). Therefore, the policy on eliminating trade tariffs should be under the Minister of Finance decisions. However, the Indonesian government has to issue a decree as a base of ministerial decisions.

There are two kinds of consultation, inside and outside organisation. The Minister of Finance conducts inside consultation through open debate and interactive with public in television broadcasting. Participants come from automotive industries' owners, economists, and publics. In this session, the Ministry of Finance sought input and support from public regarding the proposal to eliminate trade tariffs gradually. The idea to hold public consultation is supported by Smith (2005, p. 30 cited in Althaus, Bridgman and Davis 2007, p. 89) who argues that open forum will enable different groups to express and learn the alternatives and give responses as a process of public deliberation. Another consultation session was conducted in legislation forum. Practically, an issue often captures the attention of legislative members which then call for clarification ministers. It is a formal and scrutiny session because as it is held between parliament members (the Commission IX) and the Ministry of Finance as government representative. The perception of legislative member will be considered by the Ministry of Finance to finalise the policy. Alternatively, policy makers can apply e-

Consultation to reach a wider public participation. As McNutt (2006 cited in Althaus, Bridgman and Davis 2007, p. 117) argues that virtual policy networks will provide collaboration and coordination through online technology.

The next stage of policy cycle is conducting coordination throughout the department or agencies. Developing policy needs coordination in order to develop coherence, consistency, and effectiveness when it comes to policy implementation. It is essential to build coordination because departments and agencies have their own functions (Althaus, Bridgman and Davis 2007, pp. 124-125). An example for this point is, in Indonesia, the Ministry of Finance holds important role on allocating budget to all departments and agencies.

Furthermore, Althaus, Bridgman and Davis (2007, p. 129) explain that coordination starts from agencies submit proposal to government to allow other department provide opinions about the programs against the existing programs administered by other agencies. From this process, central agency may make a review on the proposals. This step applies the concept of 'Whole of Government approach' in terms of synchronizing program of with overall agency activities (Althaus, Bridgman and Davis 2007, p. 131). In assessing the proposal, central agency employs routine standards to assess the consistency of programs with other government objectives.

In the case of eliminating trade tariffs barrier, Directorate General of International Trade Affair through the Ministry of Economic, Trade and Industry submit the proposal to the Ministry of Finance. The Ministry of

Finance assesses the proposal in financial perspective the impact from eliminating trade tariffs to public revenue in budget statement. The information about revenue from the tariffs in the previous budget is valuable to predict the loss and to find its replacement. The Minister of Finance projects the implication of the regulation to the other sectors and make coordination with related departments and agencies, such as, employment sectors under the Ministry of Manpower and Transmigration; taxation income from the increase of domestic industries in steel-based commodity under with the Ministry of Finance; the increase in fuel consumption as the effect of emerging industrial sector under the Minister of Mines and Energy.

Coordination is essential for policy alignment. The argument is that support from interest groups, in this case is importers, company owners and civil servants in customs office, is important to the success of these regulations. When the regulations are implemented there will be many irresponsible actors who take advantage from the weaknesses of the regulation. Indeed, by issuing regulation on elimination trade tariffs on a certain goods, the opportunists will manipulate documents on other goods to get benefits.

Decisions are formally made by parliament but sometimes policy only need government regulations. In the policy cycle, decision is an important key for the previous stages. Althaus, Bridgman and Davis (2007, p. 144) suggests that the proposal resulted from all sequential efforts are decided in this stage whether will be considered as a policy or not in the future.

Furthermore, in cabinet arena, ministers have opportunity to act collectively to consider policy proposals before they are implemented.

In the case of regulation on eliminating trade tariffs above, the Minister of Finance has promulgated the Minister of Finance regulation number 95/PMK.011/2008 dated 30 June 2008 (Observation and Research Taxation 2010, online). This regulation in the implementation of the Government of Indonesia Regulation number 36/2008 on legalisation of Agreement between the Republic of Indonesia and Japan for an Economic Partnership (IJ-EPA).

Policy implementation is the next stage after decision has been made in policy cycle. The outcome of regulation is often far from the expectation. The gap often becomes new issues in the public which often interesting for opposition groups. As noted by Althaus, Bridgman and Davis (2007, p. 159) that the failure of implementation will be use for the opponents and media to show the government weaknesses. Furthermore, they suggest that to avoid the failure, policy proposal should be examine well in every stage of policy cycle before submission to cabinet. The proponents of policy cycle emphasize the scrutiny on every step of policy analysis.

Regarding the implementation of regulation on trade tariffs, there are many actors involve as policy guardian. In the bottom level of bureaucracy, customs officers stand in front line to maintain this regulation. As goods are imported through the sea, sea-port customs officers are often as culprits of breaches. However, other actors, such as interest groups (company owners and importers) also play pivotal role.

Althaus, Bridgman and Davis (2007, p. 160) argue that the failure in policy implementation is because of government agencies lack of sufficient expertise and resources. The writer agrees with this perspective, however, in

Indonesian public administration, it is worsen by unclear borders between public administrators, police department, and army in policy implementation. Indeed, their functions are by far different. That is why public policy often failure in implementation.

Evaluation stage is the end and restart of policy cycle (Althaus, Bridgman and Davis 2007, p. 179). Furthermore, evaluation provides three purposes; it questions how well a policy meets objectives in its implementation; it examines public servants accountability to their tasks; it suggests critical points to future policy refinement. However, evaluation often faces obstacles. Anderson (2005, p. 271-5 cited in Althaus, Bridgman and Davis (2007, p. 189) claim that obstacles may consists of uncertainty over policy goals, difficulty in determining causality, diffuse policy impacts, difficulty in data acquisition, resistance, and a limited time perspective.

In Indonesian public administration, the actors of policy evaluation on elimination of trade tariffs are, the Inspectorate General on the Ministry of Finance in collaboration with the Financial Audit Board. Moreover, supervisors in customs offices hold essential roles to the success of this regulation. The Inspectorate General has annual schedule evaluations to make sure all organisation functions are run well. In the writer perception, policy evaluation has to be comprehensive. It does not only evaluate the implementation of a policy, but also concern to wider impacts of a policy. The result of evaluation may be as inputs for other public policy. Indeed, regulation on eliminating trade tariffs has impacts on some aspects, such as, financial aspect, relates to revenue shifting from trade tariffs on imported goods to value added tax of steel industries; economic aspect, relates to <https://assignbuster.com/compare-and-contrast-two-policy-areas-economics-essay/>

economic growth on domestic industries; employment aspect, relates to job opportunity and unemployment rate reduction; environmental aspect, relates to the increase of fuel consumption on industry and automotive sectors, decreasing air and water quality from emission. However, the Indonesian government often fail to do this.

Overall, the stages in policy cycle concern to develop a good policy through a scrutiny process in clear frameworks. It helps policy makers to understand the policy process in different functions. This model is able to break down complex issues into manageable stages. It is a normative suggestion on sequence stages for policy making approach. However, this model takes times and money because of the long process. From the example above, it can be seen that the stage of identifying issue happened in 2004 and 2005 whereas the implementation of the policy started in 2008.

Turning to the implementation of the Kingdon's Garbage-can model, as mentioned above there are three streams – problems, policies, and politics – to develop agenda change. Public issues might occur from one of the streams, otherwise coupling three streams. Kingdon (1995, p. 88 cited in Tienman and Burke 2002, p. 88; see also Kingdon 1995, p. 165 cited in Zahariadi 1999, p. 77) describes 'policy windows' opens when three streams converge to push issues to get solutions.

A case study on government action in addressing the disaster of the Situ Gintung Dam in 2009 will demonstrate how the Garbage-can model formulates policy through three streams. The problems stream – the burst of Situ Gintung dam – greatly captures decision makers' attention to push the

government to take real actions. Although the disaster had been predicted since 2008, there was lack of government action to prevent it (Indonesia's Urban Studies 2009, online). The Situ Gintung dam is located in Cirendeui, Ciputat subdistrict, Tangerang district, Banten Province, Indonesia. After the disaster happened on 27 March 2009, the Indonesian government in collaboration with non-governmental organisations found 99 death bodies and searched thousand people missing (Antara News 2009, online).

Regardless the causing factors of the collapse of the dam, the disaster has led decision maker to push government action. Tiernan and Burke (2002, p. 88) argues that problems and issues draw government attention in form of systemic indicators or public attentions'. Furthermore, Anderson (1994 cited in Tiernan and Burke (2002, p. 88) claims that the way how to identify problems will determine government response to place in agenda setting. It is evidence that the Situ Gintung disaster resulted public attention and systemic problems. Besides creating human victims, it degrades environment quality and reduces economic and social factors. Such as, the number of houses and areas destroyed by the food from the dam burst (Indonesia Matters 2009, online).

This issue enables policy entrepreneurs to open windows of opportunity to create linkage between problems, policies and politics streams. This idea is underlined by Kingdon (1995 cited in Zahariadi 1999, p. 77) who contends that policy windows are opened by inducing problems or by event in political stream. Indeed, the impacts of this disaster attracts policy entrepreneurs to collaborate problems, interest groups, environmentalists, public opinion, executive, legislative members, to define policy solutions. As Kingdon (1995, <https://assignbuster.com/compare-and-contrast-two-policy-areas-economics-essay/>

p. 88 cited in Tiernan and Burke 2002, p. 88) argues that problem is identified, solution is available, and the political climate supports to take action. It is evidence that the disaster happened before the general election 2009, where political actors seek votes from public in several ways in public.

In response to the disaster of the Situ Gintung dam, in policy stream, the proposal of emergency response is implemented in trial and error concept. For example, event everything needs to be addressed quickly, government may receive unreliable data of victims about who, what and how, they should be addressed. It will be difficult to provide settlements, foods and other basic needs appropriately. Therefore, decision makers often work according to their own perspectives and assumptions. Kingdon (1995, p. 116 cited in Tiernan and Burke 1999, p. 88) explains that policy proposal is floating like the metaphor of the 'the policy primeval soup'. Policy proposal may or may not be directed towards solving substantive problems.

In politics stream, policy proposal is revealed by national moods, pressure group campaigns, and administrators (Zahariadi, 1999, p. 77).

Administrators accommodate public voice to formulate alternative solutions. For example the impacts from debris floods will increase the vulnerability of the area to many diseases. Therefore, government has to clean up the area by mobilising personnel on the Department of Health and the Department of Public Work.

However, the writer believes that the occurrence of environmental, economic and social problems resulted from this disaster, will capture policy makers' attention to propose regulation upon these issues. In this point, the concept

of policy cycle will appear to finalised policies related to this issue. For example, in addressing social problems on the displaced citizens, policy makers may employ the concept of policy cycle method. Policy makers will start to identify problems, why they have to live close to the river streams; analyse the problems and propose alternative solution; seek policy appropriate instruments which can works; conduct consultation with public and internal government; hold coordination with related agencies, for example the Ministerial of Social affairs and the Ministry of People's Welfare; make a decision through legislation or government regulation; implement the decisions and evaluate the implementations.

The two case studies above explain that in addressing public issues, policy makers possibly implement the two models of policy formulation although there is only one policy model which is dominate. However, the writer underlines that an issue may lead to another issues which need to be addressed comprehensively. In formulation a public policy, the two models of policy formulation, the policy cycle model and the Kingdon's Garbage-can model may be implemented, but only one model will manifested itself.

To sum up, there are two models for policy formulation, the policy cycle model and the Kingdon's Garbage-can model. Both theories have strength and weaknesses. On one hand, policy cycle is frameworks for policy makers to understand policy formulation as a process rather than just a set of institutions. This model is able to disaggregate phenomena into manageable steps. In every stage, policy makers demonstrate their knowledge to find alternative solution in a logic sequence. Policy cycle serves as guidance for policy makers in formulating policies. This model is a normative suggestion <https://assignbuster.com/compare-and-contrast-two-policy-areas-economics-essay/>

and defending the view that a particular sequence is an appropriate way to approach the policy task. However, this model has weaknesses in terms of time completion of a policy cycle.

On the other hand, the Kingdon's Garbage-can model which is developed from the ideas of Cohen, March and Olsen, provide critiques to the rational decision-making model (Hill 2009, p. 156). There are three streams in the agenda setting and alternative generation, problem stream, policies stream and politics stream. The three streams may result policy independently, otherwise in some critical moment there is multiple-streams. By coupling the three streams the issues will capture more policy makers' attention to make a public policy. This model considers that policy organisational is in chaotic, complex and fluid as a result of uncertain and competing policy preference. Therefore, policy-making sometimes is irrational.

From the case studies above, although it needs further research, it is argued that in formulation public policy, policy makers may follow the policy cycle method and the Kingdon's Garbage-can model, but there is only one model which dominate in the process.