Administration, vol. 67, no. 2 (2019), pp. 1–24
doi: 10.2478/admin-2019-0011

Policy success/policy failure: A framework for understanding policy choices

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Abstract

Some policies fail to achieve their goals and some succeed. More often than not, it is unclear whether a policy has been a success or a failure, sometimes because the goal was not clear, or because there were a multitude of goals. In this introduction to this special issue we discuss what we mean by policy success and failure, and assume that policy success or failure is ultimately the result of the decision-making process: policy success results from good policies, which tend to come from good decisions, which are in turn the result of a good decision-making process. We then set out a framework for understanding the conditions under which good and bad decisions are made. Built upon factors highlighted in a broad literature, we argue that a potential interaction of institutions, interests and ideology creates incentives for certain outcomes, and leads to certain information being gathered or prioritised when it is being processed. This can bias decision-makers to choose a certain course of action that may be suboptimal, or in other cases there is an absence of bias, creating the possibility for making successful policy choices.

Keywords: Behaviouralism, policymaking, policy success, economic crisis, Ireland

Introduction

Soon after the full-impact global financial crisis (GFC) reached Ireland, there was, naturally enough, an attempt to discover, and learn from, the mistakes that had been made. The Irish Government commissioned a number of reports into various aspects of the crisis – banking and finance, regulation, fiscal policy and administrative structures. In these and other places there were, it seemed, two competing explanations for the crisis in Ireland. One was that the crisis was caused by a mix of personal incompetence and greed by bankers, regulators and policymakers; the wrong people were in charge. The other explanation was that the state was powerless to prevent a global financial tsunami to which Ireland, as a small open economy, found itself in the front line. It was not greed or incompetence; it was an inevitable result of Ireland's position and long-term economic model.

In our view neither explanation works fully. While it is unlikely that incompetence and greed were *not* present in the lead up to the crisis so deep and extensive, we can also see that Ireland followed many of the same policies that were pursued by the UK Treasury, Bank of England, US Treasury and Federal Reserve Bank, all occupied by some of the best brains on the planet. They were competent, and wrong. Tip O'Neill, comparing the quality of members of the contemporary US Congress with those of the past, observed, 'The quality is clearly better, much better. But results are much worse' (Bok, 2001, pp. 1–2). If greed were the driving force, many of the actors were not very good at achieving their ends, as many became bankrupt, and most lost heavily. Also incompetence and avarice are not satisfactory explanations for anyone trying to get a genuine understanding of the failures. Even if the people involved in taking decisions were incompetent and greedy – which is not established – it begs the question as to how such people assumed positions of influence. If, as seems more likely, they were not incompetent but made bad decisions perhaps in good faith, we would want to find out why otherwise intelligent people could make such bad decisions.

We can see that there was huge variation in the impact of the crisis on different countries. Some of this was due to size, which Ireland could do little about, or openness, which was the result of a long-standing policy – but that openness to foreign direct investment, for instance, if anything cushioned Ireland against the most harmful shocks of the GFC. We can also see that similarly open economies in Europe, such as the Netherlands, were not affected by the crisis in the same way – the reason being that Ireland differed in important ways. It was more exposed financially, and the Irish economy was more concentrated in the construction industry than many other places. Ireland had a less diverse tax base, and was committed to higher spending than in other places. The structure of the economy is influenced, to a large extent, by policy choices. So we can assert the crisis was, to an equal extent, down to poor policy choices.

This project is not about the GFC in Ireland. It is about policy decisions and policy success or failure. It aspires to understand why governments sometimes get things right, delivering better outcomes for its citizens and increasing trust in government, and why, at other times, they get things wrong, failing to improve people's lives, or even making them worse. To do this we first look at the problems that policies seek to solve, what we mean by policy, and then how we can conceive of some policies as successful or otherwise. This involves looking at the different dimensions of policy outcomes. In more sophisticated analyses of the crisis, incompetence was couched in terms of irrationality (Nyberg, 2011). This might be a more fruitful line of inquiry, but again it begs the question of what causes policymakers to make suboptimal decisions. We propose a framework to understand the policymaking process, and how it can sometimes be aligned in ways to shape decisions and policy.

The policy problems

Policy interventions and the decisions to take them or not will reflect the values of the society or the government that introduces them. Those decisions are usually driven by a situation being regarded as a 'problem', which can happen because people raise it as an issue, a crisis makes a previously tolerable policy and its resulting situation intolerable, and/or a political entrepreneur raises it as an issue. Policy problems can usually be conceived of as collective action problems or derivatives of these. These are problems that individuals or markets cannot solve on their own, but require third-party interventions perhaps to enforce agreements. A collective action problem is one where a number of individuals would benefit from a certain action but the cost of the action makes it unlikely that people will individually engage in that action, making each one collectively worse off. A government has potentially awesome power, but it varies in its willingness to use this power. It can start by suggesting solutions for others to voluntarily take, but can ultimately force people to act in a certain way, thus 'solving' the problem.

We can think of traffic congestion as a collective action problem: We would *all* be better off if we *all* shared some form of transport, say a bus. It would remove congestion, free up space for other uses and improve air quality. However, an individual benefiting from lower congestion and better air quality will depend on other people's behaviour. The impact will be external to her decision. In this situation she has no individual incentive to take a bus; she could just end up sitting in a traffic jam on a bus instead of the comfort of her private car, but still in traffic. If most people agree to take the bus, she can take advantage of the eased congestion and avail of the flexibility her private car offers. As such, no one who does not have to take the bus will take the bus, and the congestion continues. This can be solved by the state. In extremis private cars could be banned, or more commonly restricted to certain places through the reallocation of space to bus lanes, or cars may be allowed to travel to those spaces but required to pay congestion charges.

What we think of as policy problems are to a large extent socially constructed. If a crisis occurs, how that crisis is framed, perhaps by policy entrepreneurs, reflects the desires of some policy actors as much as the nature of the crisis itself. For instance, the tragic death on the street of a homeless man, Jonathan Corrie, in 2014 was framed as a crisis in homelessness, but it could have as easily (and perhaps more accurately) been framed as one of drug dependency or mental health. So policy problems are not objective realities nor are they exogenous to the policymaking system. They are created (often sincerely) and framed to suit some actors' (often legitimate) ends. Focusing events – important, high-profile events that demonstrate a harm as a result of policy – enable actors to highlight certain problems and then open what are termed 'policy windows' (Kingdon, 1984). Failure itself is information, and whether we see or interpret feedback from policy as failure or success is important to policy choices. Baumgartner & Jones (2009) observe that policy stability is the norm, but that it can lead to failures or errors. The accumulation of those errors, if ignored, will lead to increased demand for change, until there is a punctuation introducing episodes of rapid change (Baumgartner & Jones, 2009).

What is policy?

Public policies are the *instruments* through which *values* are *authoritatively allocated* in *society* (Easton, 1965). In other words they are the *ways* governments or states can bring about ends that affect how we interact with each other. In some ways it is simply about how organisations change human behaviour.[1]

There are three elements of public policy that are implied, although not always delivered. The first element implied by policy is that it is a standardised practice, so the state action is non-arbitrary. We can say that 'it is the department's policy to deal with cases such as this in such a way'. Of course, sometimes policy must be made 'on the hoof' for what might appear to be unusual events. Even in these cases policymakers should want decisions to be based on some principle, and policies in new areas might create a precedent for how similar situations would be dealt with in the future.

A second element is that it is authoritative. Public policies are the result of a series of choices in some process usually seen as legitimate and rule-based, in institutions authorised to take these choices. The rules will constrain the actions of the state or the executive. The policy decision is in fact a series of decisions, including the ones that set out how the final decision would be made. For instance, if we ask cabinet to make a decision, the outcome might differ to one in which the parliament is required to give its approval.

Related is a third element, that the people involved in the decision-making have some knowledge or expertise to take the decisions. Their area of expertise might be important. The 'law of the instrument' (Kaplan, 1964, p. 28) can be formulated as people will rely on those tools that they are familiar with – if I only have a hammer, everything looks like a nail. So we might expect urban planners to view any housing problems as problems of planning. Similarly, lawyers tend to be biased towards legally based regulations, and economists might be inclined to consider economic-based incentives. Task a panel of medical doctors to come up with policy suggestions on obesity and they may approach the issue entirely differently to a panel of nutritionists.

Most policy instruments can usually be categorised as one of four types: regulation, incentives, information and provision. Regulation is

[1] Policy is not the only way to change human behaviour; culture is an important and powerful guide to human behaviour and it can be changed through non-state social pressure. For instance, the #MeToo and related movements have probably shifted the perceptions of acceptable behaviour without recourse to state action.

a type of directive that states what the subject of the regulation must do, subject to some sanction if the regulation is not adhered to. Say our agreed policy goal is to discourage the use of private cars in favour of cycling (for health and environmental benefits), we might impose lower speed limits on cars and minimum overtaking space in urban areas. In order to encourage cycling we could put in place incentives, such as the 'bike to work' scheme which subsidises commuters' purchase of bikes. The state could also supply information to motorists about the sensory impact on cyclists of having cars travel at speed near them. The state might also choose to directly provide or supply a good that society wishes to have. In many cities there are bike-sharing schemes which provide bikes to people for a small fee. The state may also put in place policies to reallocate the provision of road space from cars to bicycles, withdrawing some goods it used to provide, such as cheap parking spaces in city centres.

Policy interventions will usually have a target population, a set of people who they aim to reach. These will be people whose behaviour they aim to affect. Another group could be the beneficiaries. So a policy to slow down cars on a particular road could benefit children who play on the road, but the target population is the drivers.

These policy interventions are based on causal assumptions. They should affect human decision-making by changing the calculus people face. If it is harder to park your car, it is assumed this makes using public transport or a bicycle relatively more attractive. From a deep literature in social psychology we know that humans are highly subject to the suggestions of social influence (Kahneman, 2011), and so there is an assumption that if drivers are aware of the effect of their speed, they will slow down. But are these assumptions reasonable? If they are not, the policy instrument might want to include how this could be enforced. This is what, in development literature, is called a theory of change or, in broader social science, is thought of as a causal mechanism. As part of this it will identify a long-term goal, or impact, of a policy. It will show the assumptions underpinning the policy and the causal mechanism at work in delivering the outcomes. If we regulate cars' speed through legal speed limits, how will they be enforced? Policies make (usually implicit) assumptions about human behaviour, but successful policies will explicitly consider the causal mechanism and assumptions underlying it. In short, policies change the behaviour of individuals, organisations and companies, but it is not always direct or wholly predictable.

Policy might sometimes be just a single action, but more often it refers to a number of coherent activities that try to effect a given end. On their own, just one of the above policies aimed at promoting cycling might not deliver significant change, but a bike-to-work scheme combined with provision of cycle lanes *and* restricted provision of car parking may do so. The aim is that these interventions will change behaviour – in this case the decision to choose cycling over driving. Policy is therefore a lot like political power. It is relational: it deals with the ability of one person or group to influence the behaviour of another. Policy is intentional: the outcome of a well-designed policy is one that is intended to happen. That does not mean that policy does not have unintended consequences; one of the major activities in policy analysis should be to determine the consequences of the policy. Policy effects change: it tries to bring about an outcome that would not have otherwise been obtained, usually by trying to change people's behaviour. But the decision to 'do something' or not do something is inherently political, so inaction might also be regarded as a policy. However, doing nothing is not a policy if simply there is no agreement, or the government or policymaking actors have not managed to make a decision perhaps because of ongoing information searches.

Policy decisions do not take place in a vacuum, and are rarely one-shot events. In any policy problem, policymakers often look to what has been done before – the past is usually a good guide to future policy choices. Existing policy will be adapted to suit new needs, but because our institutions might be built around the interpretation of a policy problem in a particular way, changing paths is often costly (Pierson, 2000). For instance, if we have a mechanism in place to deal with drug addiction as a criminal issue, we might respond to an increase in the problem of drug addiction by increasing resources available to police forces. It will be costly to shift our response to one that centres on healthcare needs because we have already invested financially, institutionally and politically in a certain interpretation. Taken together, this investment might be referred to as a culture, and culture can be resistant to change, but is not fixed. Policy change happens when those 'policy windows' are opened – the streams of problems, ideas and politics come together (Kingdon, 1984).

Policy success or policy failure?

Policy is meant to add public value (Moore, 1995). Defining and agreeing what is of public value is not simple. When studying policy success or failure, one clear feature is that failure is a more popular subject than success. Failure is ubiquitous in the literature (see, for instance, Bovens and 't Hart, 1996; Casey, 2018; Grossman, 2013; King & Crewe, 2014; Light, 2014; McCarty et al., 2015; Nutt, 2002; Schuck, 2015), whereas success is more rarely noted (Bovens et al., 2002; McConnell, 2010b; Rutter et al., 2012). This might be because it is ubiquitous (one recent study of World Bank interventions estimated that half had failed (Andrews, 2018)), or it could be that it is easier to spot a failure. You rarely note when your car is working, but when something goes wrong your attention is immediately drawn to it.

Unlike when your car breaks down, whether we regard a policy as successful or failing is not an objective fact. Bovens and 't Hart (1996, p. 10) eschew the natural demand to define a policy fiasco, the subject of their study, because one is only 'discovered' when 'many different kinds of people engage in the meaning making that produces it'. As we can frame a problem in different ways, the outcome of a policy can be framed as successful or a failure. For instance, Irish Water and the water charges regime will be regarded by most as an abject failure. Certainly, the fact that the new Irish Government elected in May 2016 chose (or was forced) to end the water charging system suggests a failure. But we might measure it by whether it achieved some of its goals. Certainly, it failed to put in place an independent and sustainable funding system for water supply in Ireland. But Irish Water has had success in reducing the amount of water lost through leaks, and it has reduced the number of people affected by water outages or boil notices. Policy success or failure is not that clear.

Even what we regarded as a perfectly functioning car might be interpreted as needing replacement. A lot depends on what your attention is focused on. We see a new model whose performance exceeds your car's on some criteria. So factors that were once not important can become important when policy entrepreneurs raise them as issues. How we choose judges was of little concern to most except in the occasional op-ed piece, but it was asserted that it was in some way corrupt, or at least corruptible, and so a change was proposed that reduced political involvement in the appointments process. Nothing was broken, but there was an attempt to fix it.

How do we know when a policy or fix has worked or not? The simplest and perhaps best available measure of success or failure is whether support for the policy is durable and few, even erstwhile opponents, would seek to overturn the policy. Thus, while there was significant opposition to the ban on smoking in public bars and restaurants in Ireland from organised interests and many in the general public, once it was introduced it achieved remarkable popular support very quickly. Certainly, no group has sought to overturn it. Can we say it was a successful policy?

One thing is clear from most analyses: for policies to be successful, they should have clear and achievable goals. It seems obvious, but if we look at the failure of the US in Iraq War II compared to Iraq War I, the first war had clear and limited goals, whereas the second war's goals were indeterminate. Closer to home we could argue that the failure of the introduction of electronic voting was in part because the goal largely was to introduce electronic voting rather than address a pressing problem. The policy instrument was the goal.

The smoking ban was certainly popularly successful, but did it achieve its policy objectives? On this too it appears to have been successful – it improved air quality in bars for both staff and customers (Goodman et al., 2007). It also avoided negative unintended consequences that had been warned of, insofar as pubs did not lose trade as a result. It may have brought about long-term positive spillover benefits, as there is some anecdotal evidence to suggest people stopped smoking in their homes as a result. But policies are not always so clearly a success or a failure.

Even where we see changes in outcomes, we do not always know whether the policy intervention was essential. Policies are usually an attempt to impact in some complex social setting. The outcomes are the result of multiple complex factors, and so isolating the policy impact is very difficult as the outcome could be the result of any of the other factors. An intervention is often the result of an elevated problem. The problem could have *regressed to the mean* – i.e. gone back to normal – without a policy intervention, but because we see the intervention and the change in the outcome, we assume causality. Additionally, some policies' impact may take a great deal of time, so it would have been difficult to know the effect of the decision to introduce free secondary education ten years after the policy was introduced. We could count the number of children educated who might not have been educated, but the societal impact was probably only evident thirty years later. Time will be important in large infrastructural projects. They usually cause a large degree of disruption, and because they sometimes involve a transfer of benefits (future generations get to use them, often paying only a small cost), our views of such projects tend to be negative immediately before delivery, but improve over time.

We can also argue that just because no one would seek to overturn a policy does not mean it was a success. We might not tear down an expensive piece of infrastructure, but that does not mean we would build it if we knew how much it would eventually cost and the time it would take to build. We might not seek to renationalise a previously privatised company, but this could be because renationalisation would have massive financial and legal implications. Yet we might reconsider the way in which the privatisation took place.

Assigning success or failure to policies is problematic in other ways. Most policies have multiple goals. They may achieve some but not all of them. Even universally lauded policies, such as free education, were hardly perfect and might have cemented policy failures into education that are exceedingly difficult to remove. In the most comprehensive treatment of policy success, McConnell (2010b, p. 39) warned of the subjectivity of policy success:

> A policy is successful insofar as it achieves the goals that proponents set out to achieve. However, only those supportive of the original goals are liable to perceive, with satisfaction, an outcome of a policy success. Opponents are likely to perceive failure, regardless of outcomes, because they did not support the original goals.

Another challenge for policy assessment is that intended outcomes or impacts are not always declared or at least known. Even where a policy has a declared objective, its method or pace of implementation might suggest weak attachment to the objective, or perhaps preference for an alternative or even contradictory policy goal. McConnell (2010b, p. 55) argues that success or failure is multidimensional, suggesting three dimensions: process, programme and politics. Process success is the way in which the decision was made: Did it build a sustainable coalition in favour of the policy? Did the process confer legitimacy on the policy? Did it preserve the goals of the policy throughout? Programmatic success refers to whether the policy met objectives, produced desired outcomes and created benefit for the target group. Political success involves improving the electoral prospects of the government, and enhancing its reputation. It might be consistent with an overall government approach to policy, and allow government to maintain control of the policy agenda.

Failure can presumably be judged on these grounds also: ‘a policy fails if it does not achieve the goals that proponents set out to achieve, and opposition is great and/or support is non-existent’ (McConnell, 2010a, p. 357). In which case we might question the importance of McConnell’s process dimension. In debates about legitimacy there is a focus on input legitimacy in democracies – the decisions are legitimate because the policies chosen are responsive to citizen demand. Non-democracies (and democracies) rely on output legitimacy – that is, whether the state produces results which make us better off. Schmidt (2012) also contends that there is a ‘throughput legitimacy’, to refer to the quality of the governing process. But presumably bad decision-making can produce successful policy. We can make decisions for all the wrong reasons, based on poor information, with unqualified people making a decision, but it can produce the right result, either by fortuitous accident or by unlikely design. We are not interested in legitimacy per se, but a key assumption of this study is based on the idea that the quality of the decision-making process will correlate positively with the quality of the outcomes. That is, good decision-making processes produce good policy choices, which will lead to successful outcomes. What makes a good decision-making process is the subject of the next section.

A framework for understanding policy success and failure

With the onset of the GFC many books were written seeking to understand how such an event could happen. In most of the analytical treatments authors (Friedman, 2011a, p. 1) treat the crisis as a result of ‘policy failures, whether failures of action or inaction… this was a crisis of politics not economics’. Many of these did so by looking at the specific policy failures that were made, identifying poor policies such as hands-off bank regulation, low interest rates, rules on rating agencies and loose fiscal policies (see, for instance, Bivens, 2011; Friedman, 2011b).

We are interested in taking a step back in the causal story to ask, why were the ‘wrong’ policies chosen? Here we assume that the way in which a policy decision is made will correlate with policy outcomes. It assumes, one, that the different decision-making processes will produce different decisions and, two, the different decisions will lead to different outcomes. This is not complete conjecture as much of the research into decision-making from Janis (1972) links the decision-making process to quality of outcomes, and has done so in a variety of fields from business and international relations to clinical medicine (for instance, Argote et al., 1991; Dean & Sharfman, 1996; Herek et al., 1987). But there is important research showing that too much information gathering and processing is costly, and may not produce better decisions than those based on heuristics (mental shortcuts) (Gigerenzer & Gaissmaier, 2011). However, while recognising the immense constraints of rational decision-making, this behavioural literature agrees that the decision-making process is important, and can aspire to some rational decision-making (Elster, 2015, pp. 251–3).

A good decision-making process that gathers the right information, hears a variety of arguments, understands the level of uncertainty, is made by the appropriate people and at the right time should produce better policy outcomes than one made too early in the process, based on poor or insufficient information, that prioritises certain arguments for the wrong reasons, that does not understand risk, and that is made by people without the skill set to understand the impact of the decision, or by people with incentives adverse to the public good. But this is hard to do. The cognitive constraints on rational decision-making are immense – humans struggle with processing large amounts of information, and prioritising the novel or the striking. We systematically ignore that which does not support our prejudices. We tend to surround ourselves with the like-minded. Add to this the problem that we usually do not know with any certainty what the impact of our decisions will be.

The causes of policy failure and success are manifold. The historian Barbara Tuchman (1984, p. 3) cites four sources of 'misgovernment' as tyranny, hubris, incompetence and folly. Tyranny probably allows poor policies to proceed because it can; there are none of the normal checks and balances that might prevent or ameliorate the effects of unsuccessful policy. Hubris occurs when the political actors' overconfidence leads them to believe that they have greater powers or ability to effect positive ends than might actually be possible. Incompetence refers to another form of human error, where the political actors do not have the skill set to achieve the preferred outcome. Tuchman (1984, p. 3) defines folly as 'the pursuit of policy contrary to the self-interest of the constituency or state involved'. She describes this folly as 'wooden-headedness', which 'consists in assessing a situation in terms of preconceived fixed notions while ignoring or rejecting any contrary signs' (Tuchman, 1984, p. 4).

Tuchman here refers to a cognitive bias or judgement heuristics.[2] Cognitive biases are regarded as important in many failed decisions, and together with the bounded nature of human rationality (Simon, 1957) contribute to the irrationality of decision-makers. One of the most famous examples of irrationality/cognitive bias – groupthink – was specified (if not conceived of) by Janis (1972) in response to the decision-making in the Bay of Pigs fiasco. It refers to the idea that in some group dynamics the desire for conflict avoidance minimises the way a group will critically analyse information. It may even reduce the amount of information brought to the group, and 'bad news' or contrary evidence may not be welcomed. Information is rarely neutral, and an important insight of this literature is that humans are neither neutral processors of information nor neutral information gatherers. People bring their own desires and expectations, which has an impact on what they see or can recall.

Other cognitive biases include herding (where actors follow the behaviour of others), extrapolation bias (where people make inferences beyond what the evidence would support), overconfidence (hubris, and the willingness to convince ourselves that we can achieve more than we actually can), availability bias (where we make decisions based on easily available or recalled information) and confirmation bias (where we seek out or prioritise information that supports our initial position) among others (see Bazerman & Moore, 2009, for a comprehensive list and sophisticated treatment of judgement heuristics). Ironically, Tuchman falls into one of these cognitive traps. With the benefit of hindsight she treats outcomes as if they were obvious, ignoring the uncertainty and complexity of the decision facing policymakers at the time.

King & Crewe (2014, p. 7) distinguish between 'blunders' caused by human error and ones that are systemic, institutional or cultural in character. Three of Tuchman's four 'causes' clearly relate to human failings of some kind. But this begs a question: If people are at fault, how are they? And how are their errors not seen and prevented? The fourth might be thought of as institutional. But it will be an interaction of institutions, the decision-makers and the type of decision-making that produces successful or unsuccessful policy. King & Crewe's

[2] The term judgement heuristics might be regarded as preferable because it does not suggest negative connotations. These heuristics are useful much of the time, saving people time and cognitive effort. A person attempting a decision while continually searching for more information may never make a decision.

distinction is not helpful; human errors are certainly a result of structural forces.

In the recent work on policy errors we can identify key factors in decision-making, and we find that despite the use of different terms, there is a strong degree of overlap in their analytical frameworks. We see that there are a number of variables that interact in perhaps unique ways. These are ideology, institutions and interests. How they interact will affect policymakers' incentives, the information they have and how they process it.

Birkland (2007), seeking to learn lessons from disasters, cites uncertainty, barriers from organised interests and political impediments, and he focuses on information processing. In particular, he studies how new information and ideas emerge as a result of a disaster as a focusing event. In a book about poor policy choices, taking cases from many centuries, including the Irish Great Famine and the GFC, Grossman (2013, pp. 176–8) cites ideologies, interests and excessive delay in implementation. Ideology here closes the decision-maker's mind to cognitive processing by restricting the set of feasible choices. If you are a Marxist, it is unlikely that a feasible market-based solution will be considered. A libertarian might not consider workable solutions that involve a large role for the state.

McCarty et al. (2015, p. 14) conceive of some policy failures as a type of political bubble, where we might overinvest in a policy (see also Maor, 2013). Specifically, they cite decision-makers' reliance on a 'specific sets of beliefs' (ideology) that justify certain actions even in the face of contrary evidence, or limit the desire to search for contrary evidence. McCarty et al. (2015, pp. 16–17) also talk about the 'rules of the game', which we might consider to be institutions, and 'the role of self-interest and greed'. Friedman (2011a), in looking at the same crisis at the level of the policies rather than their choices, still suggests ideology and information processing are important.

Saldin (2017), in a book on poor choices in US healthcare, found institutional rules in Congress meant that part of the policy chosen in the Affordable Healthcare Act was very costly. Here it was a simple rule that the Congressional Budget Office (CBO) had to score new programmes, based on their cost over ten years. That ten-year rule, picked for good reasons, meant that the policy's designers deliberately chose a mechanism to pass the CBO ten-year window, but which started to impose huge costs from year eleven on.

In a study of US policy over the long term, Hacker & Pierson (2010) rejected traditional explanations for increased inequality in the US, and lay the blame firmly at the feet of politics. Specifically, they pointed to the ideological commitment to free markets, institutional rules that allow money an unrestricted role in politics, and the willingness of interests to organise and pay to influence politics. Other studies, such as that of Jacobs (2011), on whether governments make long-term investments or not, similarly highlight interests, electoral institutions and how information gathering is ideationally guided.

We argue that there is no simple model that can *explain* good or bad policy choices. How each outcome is explained is unique to factors relevant in each case. But we can suggest a framework as to how these variables interact to produce a policymaking environment that is conducive to good or bad decisions, and policy success or failure.

Figure 1: A framework for understanding the quality of policy choices

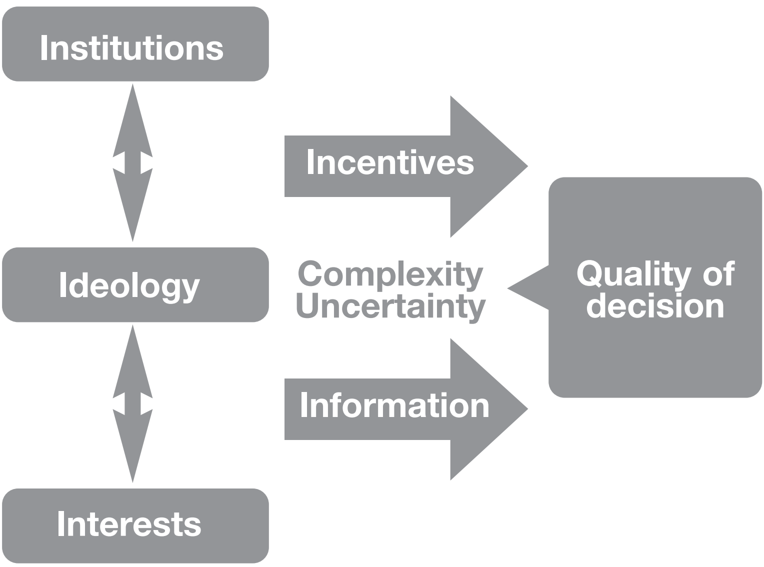

Figure 1 shows institutions, ideology and interests as key features that interact in unique ways to choose the decision-makers, structure the incentives they face, and determine what information is received by decision-makers and how it is processed. The levels of certainty and the complexity of the decision will also be (not wholly independent) factors in the probability of success or failure.

Certain institutional structures mean that only certain information searches are conducted (data gathering is limited), perhaps determined by what was gathered in the past, or what information suits the purposes, or interests, of those who can determine the information flows. Often policymakers depend on interest groups for information – a good example might be the reliance on banks for information on their solvency in advance of Ireland's Deposit Guarantee Scheme. Sometimes institutional structures mean that we have little information or the information is poor. The census gathers data that were relevant 100 years ago, but probably does not ask questions that could help inform policy. Because of how it is measured, policymakers in Ireland probably overestimate the link between alcohol and road deaths. Sometimes we make policy without really understanding the data, so governments intervene to close the gender pay gap, without knowing what causes it. Motivated reasoning means policymakers can close their minds to information that challenges their prevailing ideology.

Information calls for action; 'something must be done' is the catchphrase of politics. When something must be done, often something is done, even if it is not an optimal solution to the problem. An official anxious to avoid retribution could be inclined to be seen to deliver a policy – what could be some variety of Hood's (2011) 'policy strategy' for blame avoidance. The need to gather enough good-quality information and to process it well is therefore central to policymaking.

These three factors – ideology, institutions and interests – also have an impact on policymakers' incentives. Electoral institutions structure the incentives facing policymakers. The need to survive an election means that the electorally unpopular decisions will not be made. The timing of elections is known to have an impact on policymaking, prioritising the short and medium term over the long term. It is argued that Ireland's electoral system puts pressure on policymakers to be too attentive to local interests to the detriment of national ones.

Where organised interests can put undue pressure on policymakers, they might be likely to pick suboptimal policies. If policymakers fear disruption of services due to a strike, they may be less likely to take on a policy change. If interest groups are a source of revenue to policymakers, perhaps through tax revenue, or direct revenue to party funding, policymakers might give greater consideration to their views than would otherwise be the case. It is alleged that the ability of the construction industry to fund Fianna Fáil's electoral machine meant that policy was favourable to the construction industry. Sometimes institutional structures formalise the decision-making role of an interest group, such as in social partnership. Social partnership has been identified as one of the causes of poor policymaking in the lead-up to the GFC, especially in its role managing public expenditure.

Ideology can affect incentives by staking out acceptable and unacceptable policy choices. Largely for ideological reasons, it is difficult to increase taxes. The rhetoric around taxes is ideologically based and gives the impression of taking people's money rather than polling people's money to pay for collective services. We can see ideology interact with interests at times – for instance, the Tea Party movement in the US has had a chilling effect on members of Congress unwilling to challenge its dogma. They know that support for policies it opposes will induce an incumbent to be challenged at party primaries. The institutions make it electorally costly to go against organised interests' ideology.

An example of this framework in action comes from the decision in 2005 not to intervene when banks in Ireland introduced a widely available 100 per cent loan-to-value (LTV) mortgage (see FitzGerald, 2016, and in this issue). A foreign-owned bank introduced the product, and there was some debate as to whether this increased credit supply would put further upward pressure on prices, and put competitive pressure on Irish banks to follow suit (which they eventually did). The housing section of the Department of the Environment was of this opinion, and asked the Department of Finance to intervene.

Finance argued this was an issue for the Financial Regulator, though the Regulator believed it to be a policy issue for the department. Internally, there was division within the Regulator on the wisdom of intervention given their institutional memory of 'crying wolf' in the past and their institutional dual mandate to both regulate and promote financial services. Within the Regulator the issue was seen as a consumer policy issue, as opposed to a banking/prudential issue. Within Finance, Environment's concerns were treated as a banking issue as opposed to a wider economic policy issue. Finance responded to the concerns of the housing section, seeking information about the likely impact of the product on house prices. Finance indicated that it would need solid information with a high degree of certitude about the likely impact were it to intervene in the market. It pointed out that this was a consumer product offered as a result of competition in the market and was in line with the prevailing approach across Europe. Housing was unable to provide the level of certainty as to the impact on house prices that Finance wanted. Finance did not treat the concerns raised by Environment as seriously as they would have had the same concerns been raised to them by either the banks or the Regulator. Meanwhile the established Irish banks engaged in low-level lobbying of the Regulator *in favour* of intervention, to no avail, while arguing *against* intervention in official correspondence with Environment. Finance decided not to intervene. Ideology effectively raised the bar for intervention, institutional roles and power acted against a good decision, while the interests of some actors were served by the decision not to intervene.

Case studies and process tracing

It is not difficult to sustain the argument that the Irish Government's policies to encourage construction in the early and mid 2000s, including significant tax breaks, were misguided and damaging. We should want to know what caused them. A popular view is that the construction industry captured the Fianna Fáil-led government through its supply of campaign finance, most explicitly expressed in the 'Galway Tent'. We can see policy before the interest group intervention, and policy after the intervention, and we can assume that the change in policy was caused by the interest group intervention.

Not so fast. First we need to question whether the policy choices were clearly wrong when taken. Certainly, in hindsight it seems that giving taxpayer subsidies to the construction industry at a time of unprecedented construction growth, and one that encouraged the industry to dominate economic activity to an unprecedented extent, was problematic. But is it possible that the decisions turned out to be wrong, but at the time appeared to be reasonable decisions given what the decision-makers knew/believed? There is a problem of underestimating the uncertainty and complexity of the decision when we are in possession of the facts after the event. We therefore need to look at what the decision-makers knew, and ignore what we now know.

The second problem is that we might be too quick to assign causality. Yes, the Galway Tent happened, and the policy change seemed to suit those actors that contributed, but how do we know that those policies would not have happened anyway? A common approach to testing whether interest groups influence policy is to gather data on a large number of cases and see whether there is a correlation between interest group intervention and policy choice. In cases such as these it is often quite difficult because measuring the intervention or the choice is not clearly amenable to quantification. Even in areas where the dependent and independent variables are amenable to quantification, correlative studies might be useful, but could be misleading. The models need to be specified correctly, or we could be misled if there are confounding variables. If we think that having women in parliament causes a policy to have more family-friendly policies, we could look at the level of family-friendly policies (however measured) and also look at the number of women in a country's parliament – it could be that the number must reach a critical mass to have that impact. However, it could be that countries that have family-friendly policies are also ones that encourage women's participation in politics. Not accounting for this third, confounding variable might lead us to conclude that family-friendly policies are an impact of the presence of women in cabinet. Merely observing an input and output is not enough to establish causality because there are usually a number of paths from which an outcome can emerge.

One way to deal with problems of correctly assigning causality is to observe the causal mechanism at work. The causal mechanism is 'a sequence of events, conditions, and processes leading from the explanans to the explanandum' (Little, 1990, p. 15). Drilling down into cases, or observing *within* case variation, allows us to do this. Through this, 'the cause–effect link that connects independent variables is unwrapped and divided into smaller steps; then the investigator looks for observable evidence of each step' (Van Evera, 1997, p. 64). The theory or framework specifies a causal story, and if that causal story is true we would expect to make certain observations. Policymaking is rarely, if ever, a set of discrete decisions capable of being fully assessed within a framework, and tends to be developed and implemented as part of a cascade of decisions. Consequently, a carefully considered, devised and executed framework for the case study analysis is crucial. As there are likely to be a number of paths one can get from A to B, we need to establish what happens on the way from A to B. Process tracing involves gathering data about the case to piece together evidence for our causal story. We look for pieces of diagnostic evidence that support our hypothesis and may rule out alternative hypotheses. In telling the story we set out who the main actors are and formulate hypotheses for each part of the causal story. It involves sifting through lots of evidence, but a little like a prosecution in a case, not all needs to be presented in court. Some evidence is relevant, while other data are not needed to establish our case and rule out alternative stories.

The process-tracing analytical approach will follow that set out by Gerring (2007). The cases rely heavily on contextual evidence and deductive logic to reconstruct causality due to the absence of temporal (pre/post-test) or spatial variation (treatment/control test). Process tracing is the chosen technique because the evidence pertaining to the variables of interest (interests, institutions and ideology) and the policy outcome is known in advance to be difficult to understand. The technique sees 'multiple types of evidence… employed for the verification of a single inference – bits and pieces of evidence that embody different units of analysis' (Gerring, 2007, p. 173). Individual observations will, as Gerring notes, be non-comparable and the case studies will involve long causal chains, and in this sense the case studies will be akin to 'detective work'.

Much of the emphasis is on case studies which lack an overarching conceptual framework to understand policy success or policy failure. Often the interest is to emphasise the uniqueness of the case rather than the unifying factors that link a case to the broader causes. While cases are unique, in the last section we argued that they are not beyond generalisation. In fact they have common elements.

As well as establishing the cause for the unique cases, this study will be able to do some cross-case analysis. With a number of cases studies at our disposal we can make generalisations about policy failure and success. The cases collected can demonstrate whether or not the interaction of the three 'I's produce variation in information, its processing and the incentives for the actors. We will then have a better idea about what shapes policy decisions, and may be able to design policymaking systems that are more likely to produce successful policy as a matter of course.

What's to come

What follows in this special issue is a series of case studies of policy successes and failures. In each article the authors will make an argument as to why they consider the policy to have been successful or unsuccessful. They then tell a causal story about how institutions, ideology and interests interact to produce certain incentives, or prioritise certain information. Each combination of these is unique, and this is a framework to aid understanding – we are not testing a theory. But we should see that policy successes will be associated with good decisions in which the decision-making system prioritised pro-public-value decisions.

It starts with Cathal FitzGerald's case on 100 per cent LTV mortgages, in which he finds the relevant institution set a high bar for intervention, based on an ideological commitment to market solutions. Then Sara Burke, Ruairí Brugha and Steve Thomas consider the National Treatment Purchase Fund scheme, which on the face of it appears a success. It successfully reduced waiting times for medical procedures. They argue that it is a failure insofar as it fails to address underlying failings in the Irish health system. This policy failure, they argue, is primarily a result of ideological commitment to market-based solutions. Jonathan Arlow looks at the JobBridge scheme, which was an internship scheme introduced at the time of the economic crash. This was a failure in that there is little evidence that it did little other than shift people from the live register to an alternative scheme. It was done, he argues, because of the interests of the Labour Party, which had to be seen to do something about the record levels of youth unemployment.

Fiona Kiernan also sees political interest at the heart of the policy to introduce a second type of hospital consultants' contract. Policy-makers failed to process or take account of available information that the labour market for hospital consultants was tight, and that a pay cut would lead to shortages. This turned out to be the case. She argues these were ignored because of the political interests of the Minister for Health and the need to maintain the coalition government. Stephen Weir looks at a policy success – the decision to liberalise the supply of taxi licences in Dublin in 2000. It succeeded in ending the long queues commuters had suffered. He looks at it from the point of view of why it took so long to succeed, outlining how interests, particularly electoral interests, meant that it was difficult to see how the political system could deliver reform. That changed when a minister whose electoral interests were tied to reregulation was put in place, and the taxi lobby refused to compromise. Finally, Stephan Köppe and Muiris MacCarthaigh look at the successful rebranding and repurposing of unemployment benefit and labour activation bodies. Again, this was something the political system had long wished for, but found difficult to deliver because of organised interests. The financial crisis weakened the unions' position and put increased pressure on the system to act against those interests.

In all cases we see that interest, institutions and/or ideology play an important role in whether good or bad policy decisions are made. These can help us explain policy successes and failures. Though in some cases the power of interests is outside the system, the studies collectively tell us something about how we should design a decision-making system. It is perhaps too easy to say that well-designed institutions can prioritise good information processing, and provide incentives for good decisions. A clear problem tends to be that ministers are under short-term electoral pressure to concede to interests that have a lot to win or lose, rather than the broader public good. The access to, and sometimes dependence of, the interest groups for information or to assist implementation, as many have blocking power, suggests that measures such as those to make lobbying more transparent might help. Hopefully, an awareness of the pitfalls, as we offer here, will be of value to policymakers to alert them to possible mistakes.

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