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Policy Making and Local Economic Development -Tessellation or Idealization?

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Policy Making and Local Economic Development -Tessellation or Idealization?

Political systems are occupied by the endeavor of contributing to local economic development. This fact is especially significant for the circum-polar north and its demand for local economic development. Political decisions are made and development programs are created, in order to circumvent negative trends in non-vital areas, such as sparsely populated regions, declining municipalities etc. This description however, illustrates an idealization of the policy making process albeit reflecting a dominant political discourse. Sovereign political decision units are supposed to be the true creators of policies, i.e. a top-down-approach. The objects of the policies including "peasants", villages, companies or associations are viewed as either recipients of, or irrelevant for, the policy process. An alternative view, the mosaic model, predicates that the processes of policy making consist of many pieces all of which can be contributive. If policy is defined as a set of ideas and activities in order to solve relevant problems, it is obvious that both the ideas and the problem solving process can be attributed to different actors. The conclusion of this paper is that politicians and administrators, dealing with local economic development, are normally faced with a multi-actor situation. However, if it is possible to organize situations where those different actors are contributing to problem solving, a developing mosaic can be created. This is, in turn, a matter of coordination from below, not from the top of formal political hierarchies.

In most countries governmental authorities are occupied by a mission to create policies aimed at promoting local economic development. This fact is especially significant for the circumpolar north and its demand for local economic development. Political decisions are made and development programs are created, in order to circumvent negative trends in non vital areas, such as sparsely populated regions, declining municipalities etc.

Local economic development can be defined as an increased activity in order to develop social service, housing and employment. Leaving it as an open ended question however, who are the key actors in these activities. It is also a well known fact that different policies and programs are dedicated to the *same* types of activities aimed at the same type of local development. Each type of program refers to some specific segment of the society, either geographically as villages, towns or counties, or in terms of activities as public loans, provision of localities for small companies or subsidiaries to local industry. With the use of typology we can classify these kinds of policies as *local-economic-policy*, *regional-development-policy*, *sparsely-populated-area-policy* etc.

The dream of contemporary policy makers within local or governmental decision boards is to allocate all good forces for some desirable purpose, i.e. to make different policies support and reinforce each other. This activity is by the textbook called coordination. Guidance, control and coordination, within the public as well as within the private sector, is however, a triple unity with a high potential of disintegration (Kaufmann et al, 1986). Actors who want, or strive, to possess the delicate role as coordinators for such programs are at the same time devoted to the idea that they are working within the business of policy making.

They try to create policy out of, or along with already existing policy programs. The basic question is however, if it is possible for a formal coordinator to achieve that. Especially when a great number of related or competing policies, with their special aims and claims of problem definition and measures to achieve their goals, are prevailing (Sabatier, 1979, 1986b)? This question is relevant even if we pay no attention to the aggravating circumstance that also private actors constantly are involved in the process of policy making.

Idealization of The Policy Making Process

In this article it is argued that the belief that single governmental decision makers are the true creators of policies is an idealization of the policy making process. It is an idealization, not in the obvious narrow sense that official policy makers are supposed to regard themselves as operating in a vacuum. Research concerning policy analysis can provide us with excellent material telling us that this is obviously not the case (Dunn & Kelly, 1992).

In this article the notion idealization stands for three things:

- 1) that public policies normally are, and should be, created and implemented by formal political units,
- 2) that the policies so created, are superior to other, competing policies, including private ones
- 3) and that the definition of the problem situation, those problems the policy is supposed to solve, match the view held by the objects of the policy, entrepreneurs, peasants etc.

Although it is not the focus of this article, this discussion touches a more fundamental problem namely how to make democracy work, at the same time as private or quasi-private actors are allowed to formulate their own problems, act and organize themselves. In contemporary theory of democracy formal, political organizations occupy a place apart from other actors. For the benefit of theory making within the area of policy analysis however, this is not an analytical necessity. In a mixed economy it is fruitless to be restricted to the idea that claims other than the political ones are to be regarded only as a source of perversion of the *real* policy making process emanating from legitimate political authorities (Carlsson, 1994).

In order to make this objection understandable it is necessary to elaborate on the notion *policy*. Professor Rorty has made the statement that "[...] the fact that Newton's vocabulary lets us predict the world more easily than Aristotle's does not mean that the world speaks Newtonian" (Rorty, 1989:6). The meaning is that no one can argue that the "crux" of

nature or of the society has been found. Consequently no science can claim that the right words has been applied to the detected phenomena. This remark is also applicable to the utilization of the term 'policy' in order to signify the *phenomenon* we label *policy*. The notion policy can, of course, be defined differently compared to what the stage heuristic of the policy making process is assigning "*agenda setting, problem definition, formulation, implementation, evaluation and termination*" (Kelly & Palumbo, 1992:651). The stage-model of the policy making process can be described as a "*dominant paradigm of the policy process*" (Sabatier, 1991:31). Nevertheless, it also has been heavily criticized by a great number of researchers. (See for instance Pressman & Wildavsky, 1973, Hjern, 1987, Hjern & Porter, 1983, Wittrock & Zetterberg, 1982 and Dunn & Kelly, 1992.)

The essence in the criticism is that the stage heuristic is unrealistic. It presupposes a model of the policy making process comparable to an arrow flying from the bow strings of the policy makers, passing through the eater with the aim of hitting the target at its weakest point, i.e. the problem area. The spirit of the stage model is in fact congenial with the Aristotelian theory of causality where the objects know their right place in the universe.

If analysis rests on this model, the only way perceived short comings can be explained, is to blame some troublesome link in the supposed process. If, by some circumstance, the "arrow" does not hit the target in a proper way it can be explained by the fact that the bow string was too loose (lack of resources), that someone had chosen the wrong archer (wrong decision), that, even though it was the right one, his targeting was too low (bad information), that he was faced with bad visibility because of interfering objects (bad administration) or finally that someone had moved the target (clients do not know how to use, or they misuse, the resources). Hence, it follows that the actors responsible for the criticized link are to be held accountable when the outcomes of the decided policy diverge from the political intentions.

If however, we leave the stage model of the policy making process, and define policy as "*a set of ideas and the efforts to create institutional arrangements in order to realize them*", this type of analytical problem does not appear (Hjern, 1985:298, my translation). Using this definition policy is regarded both as process and product. It is equivalent to prevailing policy rather than to something decided solely by some formal decision unit. This definition also allows us to use the term policy to signify a situation where lots of "archers", private as well as public, appear on the same arena equipped with different arrows, abilities and aims. An example from recent research can illustrate this point.

The "Village of the Future" Project

In 1987 the Swedish government launched a policy program aimed at developing sparsely populated parts of the country. One of the projects was the "Village of the Future" project. The idea was to select a small number of villages and provide them with economic and human resources. With the use of money and access to and help from governmental resources in terms of guidance, coordination and information, the villages were supposed to "develop". This development was to be governed by the activities of the inhabitants themselves. The program focused on three subject areas, housing, employment and social services. What was the outcome of this project?

Two of the villages can be compared. In the first village a high level of activity among local people took place. Based on their personal concerns, needs or just the perceived challenge to increase local activity and make their village a better place to live in, inhabitants in different agegroups formed themselves into separate activity groups. In the other village however, local politicians actually decided a "policy" on behalf of the population. They planned and built a service-center containing different types of services such as a day care center, a school and eldercare. The whole project ended up in a concentration of all public service to one distinct setting in the defined geographic area. This center was provided to the local people as an answer to, and a solution for, their anticipated needs. As a matter of fact, here the "Village of the Future" project did not embody any distinct program village. Instead local politicians transformed the project to be equivalent to an administrative unit, the schooldistrict. Local politicians and administrators also imposed a self-government policy implying that, local people were to take charge of and govern what has been given to them by the politicians. In other words, the politicians were of the opinion that they knew what the people needed. When the "Village of the Future" project was launched they could utilize its resources in order to materialize what had already been planned by politicians and administrators. The basic idea was that the service-center, together with some public investments in new industries, was to be the engine for local economic development. This wishes were not fulfilled however. No increase in population could be notified, the public investments did not work at all and, what was more important, only a rudimentary level of activity among local people took place.

In the first village however, the outflow of people was stopped and a dynamic mosaic of activities and outcomes could be observed. With the use of resources from a great number of different programs and a high local activity a cooperative day care center was established, apartments for elderly people and localities for medical treatment were built, new companies were started, a library service was introduced etc. The most significant feature however, was the enthusiasm and activity among local people. This can be compared to the other village where politicians and

administrators had put them selves as stand ins for the local, mainly inactive population.

Judging Success or Failure

One way to summarize these two examples is to conclude that, at least as far as the first village is concerned, the "Village of the Future" program was successful. In contrast, the project related to the other village can be labeled as a failure. No local economic development governed by local people was achieved.

This way of judging success and failure however, is only valid if we rely on the stage heuristic model of the policy making process. If we use the alternative definition of policy, suggested earlier in this article, these conclusions are questionable. Why are our assessments of the outcome of "Village of the Future" program debatable? The conclusions obviously follow an accepted logical pattern.

-If policy program P is to be regarded as a success (A) then local economic development "from below" is prevailing (B).

-(B) is true.

Then (A) is true (the policy program was a success)

This form of deduction is not valid however. It is known as the "fallacy of affirming the consequence" (Hempel, 1966:7) Its premises can be true even though the conclusion is false. It can, for instance, be the case that local economic development is in progress despite the actual policy program which accordingly can not be accountable for the development. On the other hand if our observations tell us that (B) is not true, then the rules of logic tell us that (A) is not true either (failure). Even though this deduction is formally indisputable, the failure conclusion can nevertheless be wrong. The main reason is that both the success and the failure conclusion, if they are regarded as valid, presuppose that also a great number of unspoken auxiliary hypotheses are true. One of them is that the launched policyprogram should be the only point of reference (Aa). Another (Ab) is that local economic development can be defined homogeneously and thirdly (Ac) that the stage heuristic metaphor of the policy making process is valid. Since we must equip the premises with the auxiliary hypotheses Aa, Ab and Ac, and since all of them must be true, its is unlikely that either our failure or our success conclusion is true.

To summarize, according to the laws of logic we are unable to conclude whether the described "Village of the Future" project was a success or not. One reason is of course the introduction of auxiliary hypotheses. First and foremost however, the lack of validity is due to the fact that we treat the policy program as equivalent to prevailing policy. What is to be proved, the existing policy, is treated as a premise. If we however, use

the definition of policy described earlier we have to regard policy as the result of the policy making process not as its origin.

This is hard to understand as long as we are occupied by the stage heuristic. The great obstacle however, is that we lack theories of policy making in complex environments as guidance for our analyses. We know that the stage model is "shaky" but if chaos models is our only alternative, maybe we better stick to the shaky ones? Moreover, what kind of knowledge can an alternative way of analysis provide the politicians with, and is it not a legitimate requirement from politicians who make political decisions in order to create specific outcomes, that they also can compare the results to their policy decisions, i.e. intentions to outcomes?

The last question can be answered with another question. Is it not a difference, and should it not also be a difference, between the images held by politicians and the ones held by political scientists? Even though politicians feel comfortable in doing so, scientific duties require the analyst to adopt a more unprejudiced approach.

An Alternate Approach of Analyzing Policy Making

In the last part of this article an alternate approach of analyzing the policy making process will be sketched, but before elaborating further on the subject some *points of departure* must be declared.

1) *Formal, political-administrative units are not analytically superior to other units.*

In a mixed economy it is far from self-evident that the existing political-administrative units actually are relevant for problem solving. In the scientific evaluation process we use to label policy analysis, their eventual relevance must be proven, not taken for granted. Policy analysis is basically a question of analyzing how, and in what way, societal problems are solved. If problem solving is a result of and a response to preferences and opinions held by people, we are actually talking of creation of politics, at least according to the Weberian image of political action. According to him, acting *politically* is a matter of giving, taking away, redistributing and assigning political power (Weber, 1978). These processes however, prevail independentley of what types of actors participate in this activities. As we do not know in advance which actors are participating, we ought to treat formal political units as if we were unaware of their special position according to the written constitution or to some accepted political theory.

2) *Policy making is a matter of collective action.*

The process of policy making within the area of local economic development, is hardly a matter for single actors. A great number of actors normally participate in the problem solving processes. This fact is also given

by the very definition of contemporary societies as mixed- or negotiated economies (Nielsen & Pedersen, 1989) Collective action can be defined as people acting jointly for some purpose (Bogdanor, 1987:113), but this definition does not solely presupposes unified organizations as acting units. Also "implementation structures" (Hjern & Porter, 1983), "policy making systems" (Lindblom, 1965:11) or "policy-implementation-networks" (Hanf & Scharpf, 1978:364) can be labeled as collective action.

3) *People have a tendency to act in order to solve problems or fulfill challenges they perceive urgent.*

Collective action can be initiated in many different ways. People can organize themselves in a great number of ways in order to solve problems. Indeed also the types of problems we use to connect with *absence* of local economic development such as poor social services, elderly care and unemployment. This can be done even without formal, political decisions in order to start or to aid the activities. We can, in fact, not be sure that political decisions, for instance, concerning the designation of economic resources for specific purposes, do not restrain ongoing activities (Carlsson, 1989, 1992b, 1993)

4) *Coordination from below, without a central coordinator, is possible.*

In a mixed economy there are many different actors in the political and societal arena. Different organizations are supposed to contribute to the development of their special segment of the society. Some occupy the role of supporting elderly people, others assist small firms, disabled people, cultur for children or entrepreneurship for women etc. The activities of all these actors can no more be governed by a formal coordinator than a coach can steer all activities in a football match (Dunsire, 1986:331). However, when people organize themselves in order to solve some urgent problem another type of coordination can take place. For instance, different kinds of resources can be extracted from different types of organizations and be allocated for the same purpose. In such cases we can describe the process as "coordination by an idea" (Gulick, 1937:6, Kaufmann, 1986:215), coordination *from below* or "coordination without hierarchy" (Chrisholm, 1989).

Policy Analysis from Below

Given these four clarifications how can policy analysis concerning local economic development be performed? We can return to the "Village of the Future" project shortly described earlier in this article. When this project was evaluated by the author (Carlsson, 1992b), a bottom-up technique of data collection was adopted. The first step was to formulate a *policyproblem*, in the form of a broad question governing the data collec-

tion. -*What activities, in order to transform a problemridden village to a Future-village, are performed?*"

The data collection started with interviews with the carriers of the problems, the inhabitants, those who were the true objects of the decided policyprogram. The questions orbited four predefined themes (see Hull & Hjern, 1987); *Problem definition* (what types of problems were local people faced with according to their own views?), *Priorities* (what were the main problems, who participated in the process of deciding these?), *Resources* (what types of resources were allocated in order to solve the problems?) and finally *Evaluation* (what types of procedures were developed in order judge the progress of different activities?) Each respondent was asked to refer to whom he or she regarded as contributive to each function in the organizing process. In this way different types of relevant *implementation structures*, sets of people who really contributed to the processes of problem solving, were mapped (Hjern & Porter, 1983).

Generally this type of procedure will display a picture of what kinds of actors are active in the problem solving, what type of problems people view as important and what class of problem they actually are trying to solve. The analysis will also tell us whether a certain policy program, a political decision or a certain formal, political unit is contributing to the process. The outcome of the activities is compared to the intentions of relevant actors not to what is presupposed by the politicians who launched the actual policy program. Thus the notion policy was, in the "Village of the Future" case, defined as the sum of the prevailing activities relevant for solving the policy-problem, rather than as the activities anticipated by the *formal* "Village of the Future" program..

This way of analyzing also enables a changed image of the judgement of failure or success of a program. In the "Village of the Future" program, people obviously utilized *different* kinds of political policy programs, administrative facilities and resources in order to solve different kinds of problems related to what *they* perceived as local economic development. Hence it follows that it is not logical to choose just one of the programs or just one single political decision as a point of reference. To clarify this remark, village number two can be used as an illustration. This village never reached a stage of local activity and the project can be regarded as a failure compared to the governmental intentions behind the project. At the same time, however, it can be regarded as a success compared to the intentions held by local politicians and bureaucrats. They had already, before the "Village of the Future" program was launched, decided what, according to their view, was the most powerful solution to the service problem. Their solution was a centralized service-center, and this part of the project was definitely successfully performed.

Conclusion

The conclusion of these examples is that creation of policy is a mixed activity at least as far as creation of local economic policies is concerned. Many different actors participate in the problem solving processes. If these processes are *governed* by a problem definition made by the *targets* of the political policy programs it is unlikely that their view of the situation fully coincide with the official one (Repo, 1990:130, Carlsson, 1993). Since people, for instance inhabitants in a problem area, perceive different kinds of problems they do not think, act and behave unitarily of course. When they organize themselves, they will do so for different purposes. Some people are prepared to work for the establishment of public day care for their own children, others prefer to work for the expansion of existing companies, for better library service, roads, local school buildings or just for the purpose of receiving an own apartment.

People who organize themselves in order to solve well defined problem are forming a structure which is able to extract different kinds of resources from different segments of private and public organizations and units. Literally the activities and the resources possessed by these units are coordinated to each other. They are coordinated, however in a non-interactive way, via a third part who adjusts and allocates the resources for some desirable purpose. This is the idea of coordination from below, coordinating by an idea rather than by some appointed formal coordinator. This form of coordination has advantages compared to the formal variant. The formal coordinators are unable to survey all presumptive units, programs and resources which can be contributive to what relevant actors perceive as local economic development. Coordination from below creates a mosaic of activities, a tessellation containing different kinds of plates capable of forming a developing pattern.

The main conclusion in this article is that local economic development ultimately is dependent on local definitions of relevant problems. Therefore, the tessellation metaphor, in a better way, covers the policy making process compared to an idealized model of the process. If we accept this we must choose some useful method in order to map and analyze the processes. One way is to adopt a bottom-up approach for the purpose of detecting who is really participating in the anticipated development. If this data collection and our analysis indicate that some specific policy program or some formal political-administrative decision is important for the created activities, no harm is done. What has been found is that, that very program or that very decision actually is relevant for the activities governing local economic development. This discovery is also, in fact something which *is* to be proved, not taken for granted, within the business of policy analysis .

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