



# The Elements of Optimal Public Policy

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## Abstract

Public policy is regarded as the mechanism for developing an economic-social system, a procedure for determining the future, and so on. The important role of public policy is to make society live a better life and to maintain the delivery of goods and services. The purpose of this study is to examine and clarify the aspects of public policy that can improve its quality and make it ideal public policy. The paper argues on the fundamental challenges of public policy and makes proposals on the factors that might maximise public policy by using critical analysis, a deep investigation, making arguments and evaluations from previous researchers' perspectives and conclusions. The article discovered that components of politics, scarcity, level of priority, the concept of optimality, cost-benefit, cost-effectiveness, and decentralisation of public policy may all be used to optimise public policy. In the short term, optimal public policy would treat those elements as given, but in the long run, policymakers must revise the elements themselves to attain a sustainable optimum. Throughout this iterative process, public policy analysts will have done a valuable service if they can reveal the tradeoff between competing policy goals and the relationship between policy choice parameters and policy target variables.

**Keywords:** Public Policy, Policy Management, Decision making, Public Administration, Optimal Element

## **INTRODUCTION**

Public policy comprises a plan of action or programme undertaken by the government in pursuance of certain goals and objectives, also to fulfil the values and needs of the people, as well as ensure the well-being and peace of the country are being protected. However, it requires well-thought-out structures and methods together with affectionate connection and collaboration between the governmental agencies, executive, legislature, judiciary, and societies to achieve optimal public policy.

The objective of this paper is to discuss and describe the elements of public policy which can enhance its quality to be regarded as optimal public policy. This paper will be structured as follows: Section 1 will debate the practises of public policy must comprise political elements. Section 2 will argue about scarcity as the main constraint facing policy-makers. Section 3 will examine the best policy options that are the ones that have the highest level of priority. Section 4 will discuss the concept of cost-benefits analysis and cost-effectiveness analysis to achieve optimality in public policy. Section 5 presents the idea of decentralisation in policy making and can give positive feedback to society. In the last part of the paper, conclusion, the importance of good public policy toward the country is stressed.

Public policy is an interesting and important issue to be discussed in today's world, as this topic has become a critical issue all around the globe, including developed and developing countries. Public policy promotes economic growth, contributes to people's well-being and development, and provides insight into political, moral, and non-moral issues. In other words, public policy has a high impact on a country. Therefore, policymakers should consider internal and external elements or factors in making a public policy, which could then generate better policy choice.

### **Section 1: Political element is essential in public policy making**

Public policy is "the government's activities, directly or indirectly affecting societies, operating at three levels: policy choices, policy outputs, and policy impacts" (Peters, 1993, p. 76). Based on that view, the government has taken a big part in public policy making. Therefore, as there is government involvement, there is also an element of politics. Government and politics are complementary, and it is vital for both to possess one another to have the ultimate power to control

and command people. In fact, politics exists whenever there is disagreement within society over who should hold government office, what decisions should be made by government officials, and how these decisions should be carried out in order to serve society equally (Way, 2012). This view has been supported by political scientist Harold Lasswell (1951) as he defined "politics involving questions as to who gets what, when, and how" (p. 4). Lasswell concerned with determination by official governmental on decision making and action of whom in society receives what benefits, rewards, and advantages, how much of them they receive, when they receive and the methods by which they receive them. Clearly, it demonstrates that politics is a means for the government to gain authority in determining values for society in order to achieve specific goals. Conversely, Woodrow Wilson, the father of modern administration, contends that "public policy is the laws and regulations which are made by legislative statesmen and implemented by public administration personnel" (as cited in Martin, 1988, p. 631). His view obviously emphasised the dichotomy between politics and administration, which limits the power of policymakers (government officials), and Wilson thinks that public policies that relate to political pressure are a problem. It was supported by the Minister of India, Dr Harsh Vardhan (2014), as he said a government can be of any party, but he will not allow any kind of politics to affect and interfere with the country's programmers and policies. Policies should have equal importance for all, and it is for the people and not for politicians.

This article believes that in making policies, there must be some political decisions to achieve societal goals. In fact, political elements can convey the needs of the people and give an insight to the ruler to implement a good policy. In today's complex world, political leaders have the power to make all policies, but it must be emphasised that those political leaders must be accountable to society's interests and have a high level of integrity. By having these values, the public interest will be served equally without being deceived and also, there will be no corruption or injustice issues arising. Beaufort B. Longest (2006) contends that public policy is an authoritative decision made by members of the government who are authorised by political power to make such decisions by virtue of their positions in government. Longest also developed a model for public policy making known as the "Longest Model." This model emphasises that the political environment is considered to negotiate opportunities for agenda setting and policy development.

Hence, the idea and practise of public policies that comprise political elements is not a problem as long as the policymakers have integrity, accountability, independence, and transparency values that know how to distinguish between the interests of politics and the function of public policies. Therefore, the relationship between politics and policies must align with each other to serve the well-being of society. Woodrow Wilson soon "realised his error and repudiated his politics-administration dichotomy after three years of publishing his article about the isolation of politics and administration" (as cited in Martin, 1988, p. 634). After revising and further developing research, even an expert scholar can change his theory and agree that politics and policies are complementary.

## **Section 2: Public policy arises as the fact of scarcity**

Ho (2000) stated that human nature is reckoned as the only immutable constraint facing policymakers, and the design of policies should take full account of the interaction between behaviour and policies. It cannot be denied that it is important for policy makers to recognise the effects of any policy implemented on the behaviour of individuals who are directly or indirectly affected by the policy, as the main purpose of public policy is to serve the interests of the people.

However, the most important thing that must be known is that the basic challenge confronting public policy is the fact of scarcity. The issue of scarcity is the ultimate constraint facing policy makers. We can not have everything we want. Unfortunately, available resources are limited, while for practical purposes, human wants are limitless. It has been supported by David Bromell (2012) as he contends "ethical dilemmas in public policy making arise because resources are inadequate to meet all demands, and because people are committed to different values and ideas" (p. 1). Because we had limited resources and unlimited wants, we had to choose which goods and services to produce and in what quantities (Cochran & Malone, 2007). These scarce resources can be "natural resources," which are defined as the earth's naturally occurring tangible physical entities that can be considered important assets because of their inherent value. Examples include agricultural crops, fisheries, wildlife, forests, petroleum, metals, minerals, and the underlying amenities of air, soil, and water. According to Bell, Mollenkopf, & Solze (2013), "political scientists are studying the competition for scarce resources among nations and the potential for future conflicts to obtain scarce natural resources will have a negative impact" (p. 353). It shows

that the issue of scarcity is the ultimate issue confronting all countries. Limited resources cannot be added or created instantly, but human behaviour can be changed and improved all the time.

Indeed, it is human nature to have unlimited wants. The behavioural responses of people due to this scarcity are unpredictable, and it's probably going to make the world ravaged if policy makers do not make prudent decisions. Therefore, before jumping to the conclusion that human nature is a constraint, we must first broaden our minds to why this human nature gives constraint to policy makers. Absolutely, it is because of the scarce resources that cannot fulfil all the wants and needs of people. Imagine if there were no scarcity in this world. People would not have to make choices and compete against each other on which goods or services to get and produce. Thus, there will be no policies, as people can get all that they want without any problems, and the government, as the main policymaker in the country, needs to think critically about how to reallocate and redistribute scarce resources among the competing societies.

### **Section 3: Choosing public policies according to the level of priority**

Ho (2000) in his article stated that more general, more basic, and longer-term policy objectives are treated as constraints while more specific, less basic, and shorter-term policy objectives are treated as variables to be maximized. This article totally disagree with that statement as there is no constraints and maximized in policy objectives because each policy enacted has their own importance regardless the general or specific and longer or short policy objectives. It is vital to recognize that every policy arises because they have an issue to be considered and resolved, it is not merely to fulfil the pre-conditions of a country and certainly not as constraints also. It has been supported by Charles Wheelan (2010) as he mentioned to cope with the varied problems and demands of the people the government has to make many policies, these policies are called public policies which aim to maximum the standards of people.

However, the problem lies in assigning the policies according to the priority of which one is more important and need to be implemented immediately among the varieties of policy options. This problem arises because the issue of scarcity that has been mentioned before, as policymakers cannot make and implement all the policies simultaneously due to limited budget and resources. Policymakers always need to analyse the condition in the society and response to the current

changes and also visualizes the future impact in determining policy priorities. Luckily, the problems for designing policies and choosing among different policy options can be resolved by applying the theory of Analytical Hierarchy Process (AHP) developed by Thomas L. Saaty in 1970s. Analytical hierarchy process referred as the most powerful and widely used technique for decision making. It allows decision-makers to measure the consistency and stability of their decisions. “AHP is useful in prioritizing alternative variables (Lu, Madu, Kuei, & Winokur, 1994, p. 45) and been used in a wide variety of complex decision-making problems, such as the strategic planning of organizational resources, the evaluation of strategic alternatives (Tavana & Banerjee, 1995, p. 43), and public policy” (Saaty, 1990, p. 11). It assists decision-makers to rank, select, evaluate, and benchmark a wide variety of decision alternatives (Mahbod, 2007). There are three basic steps in using AHP which comprises the description of a complex decision problem as a hierarchy, the prioritization procedure, and calculations of results (Partovi, 1994).

This AHP theory is essential to be practiced by policymakers in designing and choosing among different policy options. This is to ensure the policy that has been implemented is the best on that situation and in the highest level of priority among others policy options. Besides, this will prevent the negative impact and failure of the policies that have been chosen. If this theory well adapted by policymakers, every country can achieved its sustainable development for a long period. Even though we cannot work out for the optimal values of all public policies variable simultaneously and instantaneously as the environment changing all the time, but we can struggle on putting more effort to implement policy that has the best values to resolve public problems and fulfil their demand.

#### **Section 4: Concept of optimality, cost-benefit, and cost-effectiveness**

Prudent decision-making about policies must consider the full range of costs and benefits, direct and indirect, present and future, economic and social, moral and non-moral (Ho, 2000). This article totally agreed with the view because with prudent policy making that concerns all the internal and external factors, the impacts of policies will be totally optimal. Overall optimality means the maximisation of net benefits and the minimization of total costs in a policy. This requires an optimal choice of policy and an optimal choice in the values of policy parameters and implies an optimal trade-off between conflicting policy objectives. Besides, to achieve optimality in public

policy, cost-benefit analysis (BCA) is one of the most widely used tools by policy analysts (Cochran & Malone, 2007). It is supported by Cellini and Kee (2010) as they contend that "CBA is most useful when you are analysing a single programme or policy to determine whether the program's total benefits to society exceeds the costs or when you are comparing alternative programmes to see which one achieves the greatest benefit to society" (p. 493). In addition, cost-benefit analysis determines whether the favourable results of an alternative are sufficient to justify the cost of taking that alternative. This analysis is the principal analytical framework used to evaluate public expenditure decisions and public policy making (Linn, 2010). For example, is it a better financial decision to purchase a particular machine or to lease it? A cost-benefit analysis would help a manager and policymaker make an informed decision in this situation.

Even though it seems that cost-benefit analysis can analyse all the policies' costs and benefits, it still has inevitable constraints that cannot cover the policies that are not in monetary terms. Cellini and Kee (2010) contend that "the major difficulty with CBA is that it is often difficult to place dollar values (monetary) on all or most costs and benefits" (p. 493). The Prime Minister's Department and Cabinet of Australia (2014) agrees with their point of view. As was mentioned, it can be hard to put a value on a cost-benefit analysis because the size of the costs or benefits may not be known or is uncertain, or because they are hard to explain if not in terms of money, even if the effects are known. Examples include environmental, social, and cultural considerations; regional impacts; health and safety; publicity; and national defence.

However, there is cost-effectiveness analysis as an optional to cover the lack of cost-benefit analysis. Cost-effectiveness analysis is a widely used alternative to cost-benefit analysis in circumstances where the most important impact cannot be monetized. It compares alternatives on the basis of the ratio of their costs and a single quantified (but not monetized) effectiveness measure, such as lives saved. It may be reasonable to use cost-effectiveness analysis if the effectiveness measure captures most of the policy's benefits. It is supported by Cellini and Kee (2010) as they contend that "CEA is also useful in cases where major outcomes are either intangible or otherwise difficult to monetize" (p. 493).

The article believes both cost-benefit analysis (CBA) and cost-effectiveness analysis (CEA) are useful tools for policy making and policy evaluation. Although some view cost-benefit analysis as

a superior technique, it is limited to certain areas only. Cost-effectiveness may provide a good starting point by requiring policymakers to identify the most important outcome or objective and relate that outcome and objective to the dollars spent on the project or policy afterwards. As a result, by using both analyses, policies that have been made can achieve their overall optimality.

### **Section 5: Decentralization of public policy**

Decentralization can be understood as the transference of functions, where politics, finances, markets, and administration are under the direct and exclusive control of local governments or any subunits (Maria, 2012, p. 66). Decentralization of public policy refers to the transfer of policy making, planning, and management responsibilities from central to local levels. Ho (2000) stated that decentralisation of public policy is likely to result in bad policy and has argued in favour of a system approach to public policy. That view was favoured by Azfar, Kahkonen & Meagher (2001), as they believed transference of functions always has its difficulties, not only local constraints but also central disciplines embodied in national constitutions and oversight jurisdiction. As an example, Malaysia is having brain drain problems, so they established and delegated policy making to the agency of the Ministry of Human Resources, namely Talent Corp, to implement policy to attract, nurture, and retain expertise needed for the country (Awalluddin, 2019). This means the local government may lack the administrative power and expertise to adjust the resources to respond to the preferences of society and may also fail to resolve certain problems. Besides, central government indiscipline, for example, disobeying the rules and procedures stated in the federal constitution and failing to monitor the local government's actions, also contributes to the decentralisation difficulties.

This article argues that decentralisation does not necessarily have an adverse impact and makes a bad policy. Decentralization can be vertically (the authority is transferred from the central government to the local government) or horizontally (the authority is shared between the executive, judicial, and legislative systems) (Taylor, 2007). This process can be understood as an increase in both the number and equality of centres of political power and policy making. Furthermore, decentralisation makes the power of the central government less complex as they delegate the power and mandate to the local government to rule by making their own decisions and judgments of policy for their own people and region, and as a result, this delegation will



contribute to the local economic development. Furthermore, it has been supported by Barberia and Biderman (2010) as they confirmed "the local economic development policies were rooted in the recognition that initiatives must be territorially based and locally managed" (p. 952). Azfar, Kahkonen & Meagher (2001) also agreed, stating that global events show decentralisation is nowadays a reality, as a reconstruction of the public sector's model and as a development strategy. In fact, by delegation, the scope of decision-making is narrower. Local policymakers have full access to the information regarding the resources, constraints, and demand in their local region, so it can facilitate them to design a good policy which directly has a positive impact on the growth of the whole nation.

However, it cannot be denied that decentralisation is not a good way to establish good policy if there is no collaboration and interrelationship between central and local government. Thus, it is important for both governments, central and local, to unite in achieving consensus agreement and decisions to sustain economic growth and development.

## **CONCLUSION**

In a nutshell, public policy is an important topic to discuss and debate because it is a relatively critical and arising issue that affects all people worldwide, including those in developed and developing countries. Based on previous discussion and argument on elements of public policy, it is critical for policy makers to construct and develop well-structured policies which can enhance their quality as good public policies.

Public policy impacts almost every aspect of our lives, be it economic, social, or cultural. Nowadays, public policy is deeply intertwined with technology, where it can save time, money, and accomplish tasks effectively and efficiently (Maznorbalia & Awalluddin, 2021). With that, it is important to understand the elements of public policy to shun likely setbacks in the complex world of public policy. Furthermore, the fiscal and monetary policies of the government determine our economic well-being, whereas public policy on a variety of issues ranging from healthcare, education, and welfare to the legal system of justice affects us directly or indirectly. Our cultural lives are also influenced by public policies such as working hours, national holidays, and the distribution of privileges among races. As such, it is desirable that every citizen, at the least, has a

rudimentary understanding of what constitutes good public policy, how it works, and how it can be influenced so that greater economic and social justice for all segments of society is achieved.

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