BUNDESKANZLERAMT ÖSTERREICH

Successful policy making under imperfect conditions – the Austrian way?

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Seminar on the Future of Cohesion Policy

12.10.2009, Vienna

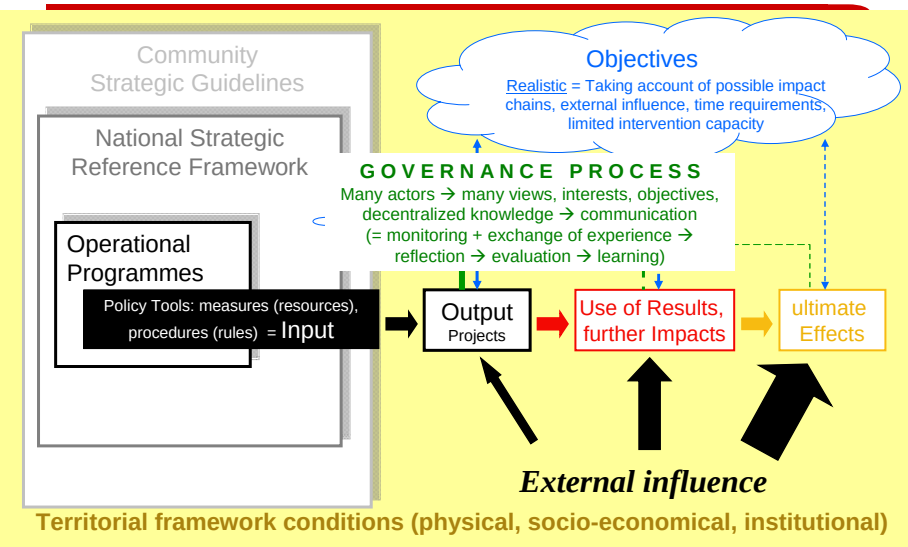
Propositions

1. The inconsistencies and inefficiencies of EU Cohesion policy are not „failures“ due to irregular or deficient behaviour of some of the partners, but a **most likely and expectable** outcome of **policy making** as intersection of politics, bureaucracy and technocracy
2. In the case of **Cohesion policy** this „natural“ characteristic of (all) policy making is further **increased** by an extraordinary **complexity** (min. 3 levels of government, large number of involved partners, cross-sectoral nature) and the volume of funds.
3. The simplistic intervention model of mainstream thinking **lacks understanding** for this complexity and for the different rationalities of the involved sub-systems and thus **hinders a more adequate design** for this policy.

Limits to policy making to be taken into account

- Not only scarce resources!
- Limited **effects** (intervention capacity) of **available tools**
  - financial incentives (e.g. EU Structural funds)
  - other relevant tools (norms, public services, information)
- **Time**
  - quantity of time required for negotiation, programming, learning, implementation, impacts to become visible
  - quality of time (rare chance) to be flexibly taken advantage of
- Limits to (all) **policy makers**
  - inevitable „normal“ ignorance (limited understanding of complexity)
  - evitable „2nd order“ ignorance (lack of „Socratic insight“)
  - personal and institutional existential interests (need to have)

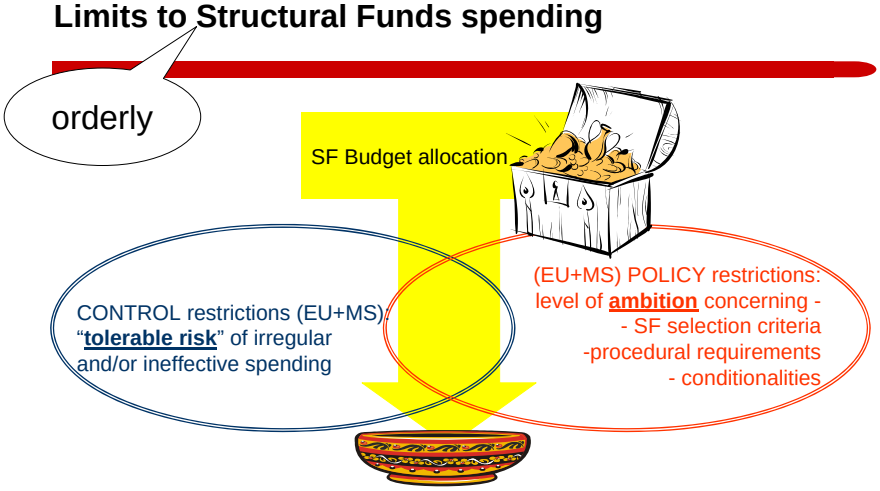
Programming + implementation + impact chains = time



Limited views of sub-systems involved in policy making

Subsystems	Want / need …	Don't want …	Tend to ignore …
Politics (EU, national, regional and local level)	Short-term visibility in mass media: funding promises = success, visible projects; flexibility	Responsibility for unpopular decisions (e.g. für andere zahlen); rules that restrict their own funding decisions	Practical feasibility of measures, impacts; Time requirements for decisions, implementation and impacts; rules
Bureaucracies (EU, national, regional and local level)	Competences, staff, budgets; Stable rules; Formal criteria for success (= regularity)	Prescriptions from higher levels; change of rules; special requests from clients; additional work for reporting and monitoring	Political visibility;purpose of rules and measures; impacts beyond their formal responsibility; understandability of rules
Project owners	Quick money for their own purposes	Administration work, project eligibility rules	Need to justify public funding for their projects
Professional advisers	appointments; professional reputation; Influence on policies	Acknowledge limits of their own professional views and beliefs	Complexity of political system and policy implementation; time restrictions

Limits to Structural Funds spending



Number of potential BENEFICIARIES and their **absorption capacity**:
- type of project, level of costs, demand for finance
- compatibility of SF criteria with beneficiaries' objectives
- administrative capacity & willingness to cope with formal requirements

Recommendations

1. Design policy to be implemented by ordinary people, not by geniusses (not even in the Commission)
2. Acknowledge trade-offs:

- High level of spending + quick absorption = low degree of innovation
- More innovation = more time for learning, slow absorption of funds
- Better governance = more time (to create joint understanding), less absorption of funds

3. Keep structures as simple as possible:

- subsidiarity = efficiency (but centralize where necessary)
- do not attempt to coordinate everything
- if you can‘t join them, compete them
- regulate key formal responsibilities, keep the rest informal