

**Ani Matei / Tatiana Camelia Dogaru**

# The rationality of public policies

An analytical approach

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# **The rationality of public policies**

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Ani **MATEI**

Tatiana-Camelia **DOGARU**

# **THE RATIONALITY OF PUBLIC POLICIES. AN ANALYTICAL APPROACH**



DSAS Series turns into account scientific and documentary papers, working papers achieved in the framework of the Doctoral School in Administrative Sciences of the Faculty of Public Administration, National School of Political Studies and Public Administration, Bucharest, Romania.

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## Table of contents

<b>Foreword .....</b>	<b>7</b>
<b>Introduction .....</b>	<b>9</b>
<b>Chapter 1</b>	
<b>Theoretical links between rational choice theory and public administration .....</b>	<b>15</b>
1.1. Theoretical cornerstones regarding the public administration concept.....	15
1.2. Reflections on rational choice theory .....	20
<i>1.2.1. Concepts' delineation on rational choice theory .....</i>	<i>20</i>
<i>1.2.2. Architecture of rational choice theory – defining elements .....</i>	<i>20</i>
1.2.2.1. The concept of rationality .....	20
1.2.2.2. Alternatives, preferences, actions.....	33
1.2.2.3. Homo Economicus .....	36
1.2.2.4. Methodological individualism.....	38
1.3. Public Administration-Public Policies-Rational Choice Theory Relationship .....	42
<i>1.3.1. Classic researches on rational choice theory .....</i>	<i>42</i>
1.3.1.1. [...] in political sciences.....	42
1.3.1.2. [...] in administrative sciences .....	45
<b>Chapter 2</b>	
<b>Contemporary perspectives on decision-making – public policy relationship .....</b>	<b>51</b>
2.1. Ideas and ideologies on decision and decision-making process .....	51
<i>2.1.1. Defining elements of the decision-making and the way to decision.....</i>	<i>52</i>
<i>2.1.2. Decision-making from rational choice perspective - efficiency or deception?.....</i>	<i>56</i>
2.2. Theoretical considerations regarding the public policies .....	59
<i>2.2.1. Concepts' delineation of public policies .....</i>	<i>60</i>
<i>2.2.2. Actors and institutions of public policy-making.....</i>	<i>64</i>
<i>2.2.3. Public policy instruments .....</i>	<i>65</i>
2.3. Public decision versus public policy .....	68
<b>Chapter 3</b>	
<b>Public policy-making. Evolutions and perspectives .....</b>	<b>71</b>
3.1. General considerations on the public policy-making process .....	71
<i>3.1.1. Agenda setting.....</i>	<i>73</i>
<i>3.1.2. Formulating the public policy.....</i>	<i>83</i>



3.1.3. <i>Decision-making</i> .....	85
3.1.4. <i>Implementing the public policy</i> .....	88
3.1.5. <i>Assessing the public policy</i> .....	91
3.2. Public policy-making process from rational choice perspective.....	94
3.2.1. <i>Public policy-making in the context of comprehensive rationality</i> .....	95
3.2.2. <i>Public policy-making from bounded rationality perspective</i> .....	98
3.2.3. <i>Public policy-making from institutionalism perspective</i> .....	99
<b>Chapter 4</b>	
<b>Prints of rational choice theory on European public policy-making</b> .....	<b>105</b>
4.1. The principal-agent model, framework for analyzing the European public policy-making .	105
4.2. European public policy-making process from rational choice perspective.....	109
4.2.1. <i>Setting the agenda of the European public policies</i> .....	110
4.2.2. <i>Formulating the European public policy</i> .....	116
4.2.3. <i>EU decision-making</i> .....	122
4.2.4. <i>Implementing the European public policy</i> .....	123
4.2.5. <i>Evaluating the European public policy</i> .....	128
<b>Chapter 5</b>	
<b>Prints of rational choice theory on national public policy-making</b> .....	<b>131</b>
5.1. Qualitative perspective on national public policy-making process.....	132
5.1.1. <i>Romanian public policy-making in 1989-2010 period</i> .....	132
5.1.1.1. Reform elements regarding the structural dimension .....	136
5.1.1.2. Reform elements regarding the procedural dimension .....	139
5.1.2. <i>Instruments for rational policy-making process</i> .....	142
5.1.2.1. Cost-benefit analysis .....	142
5.1.2.2. Impact Assessment.....	143
5.2. Quantitative perspective on national public policy-making.....	152
5.2.1. <i>Correlations between education and employment policy</i> .....	152
5.2.1.1. The relationship between educational and employment policy from strategic documents perspective .....	152
5.2.1.2. The relationship between educational and employment policy from statistics evidence.....	157
5.2.1.2.1. Outcomes of employment policy .....	159
5.2.1.2.2. Outcomes of educational policy .....	167

5.2.1.2.3. The regression and correlation for employment policy and education policy .....	172
5.3. Brief conclusions .....	175
<b>Final Remarks .....</b>	<b>179</b>
<b>Selective references .....</b>	<b>187</b>



## **Foreword**

Nowadays, public policies represent the most adequate instrument of action in view to achieve the public interest, no matter we talk about European, national or local level. The rational approach of public policies, representing the topic of the current publication, is or should be a steady feature of public policy making and implementing. We find the origins of this approach both in key papers of political and administrative sciences, as well as in those concerning the theory of rational choice.

In the current book, a direct, causal relationship is established between public administration, public policies and the theory of rational choice. The context of that relationship holds a great structural and functional complexity, demonstrating that the juxtaposition of the three mentioned fields is not enough.

The mechanisms for their connection highlight links of various, non-linear intensities, in view of a finality which should be related every time to the public interest. The public interest is also defined further a process of public choice, more or less a rational one. It is quantified in terms of efficiency and effectiveness, thus supporting the need to introduce the cost-benefit or cost-effectiveness analyses as instruments for assessing the impact of public policies in our research.

The book is structured in five chapters, attempting to analyse, in an integrating vision, a joint, interdisciplinary issue, which is boosted by public policies process on public administration in the context of incorporating the theory of rational choice. The first three chapters have a theoretical character, generally a descriptive one, the fourth and fifth chapters aim to identify the influences or “prints” of the theory of rational choice on public policy making at European and national level.

The publication represents the outcome of researches achieved by authors in the framework of the Doctoral School in Administrative Sciences of the Faculty of Public Administration, National School of Political Studies and Public Administration, Bucharest.

The authors

15 February 2012



## Introduction

In the last decades, it has been noted that the public policy area is facing continuous with many threats and opportunities determined by the international context, increasingly affected by globalization as well as by the national context which needs to meet the requirements for ensuring the quality of life. The new global challenges, the economic and political changes have imposed the creation of a stable framework for developing, implementing and evaluating the public policies at national level. The public policy-making process from Romania has known a whole series of reforms, as an answer to these changes. The rational choice theory attempts to provide through its assumptions and tools a support for public policy-making to the governments. In response to these changes public policy process in Romania has seen a whole series of reforms.

A long line of outstanding researches defined and redefined the rational choice theory, pointing out its wide application to the study of government and to the ways in which the government carry out the public policies. During its development, the rational choice theory has been poured with both, praise and blame. Buchanan and Tollison emphasized in 1972 that the rational choice is a “new entrant” on the academic landscape.

The rational choice, as any successful intellectual innovation, has created a new generation of researchers, publications, journals and research centres, given a diversity of approaches and methods. The research produced over the 60 years of its existence is substantial; nowadays around 10 journals are solely focusing on rational choice research field, and more than one hundred of journals have published articles about the rational choice. Also, *Econ Lit* and *Springer* databases list approximately 10,000 articles and books that address the subject on rational choice<sup>1</sup>.

It is worth to note that rational choice theory was not a phenomenon restricted only to USA, other centres of research on rational choice flourished during the 17th century, the 18th and the 19th centuries and, new public choice societies were created in Japan and Europe. In Europe, the initial inspiration for rational choice occurred through the works of K. J. Arrow in

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<sup>1</sup> Congleton, R., (2002) „The Future of Public Choice”, al 6-lea International Meeting of the Japanese Public Choice Society, p. 2

“Social Choice and Individual Values” (1951); A. Downs in “An Economic Theory of Democracy” (1957); D. Black in “The Theory of Committees and elections” (1958); J. M. Buchanan and G. Tullock in “The Calculus of Consent” (1962) and M. Olson in “The Logic of Collective Action” (1965). These papers are regarded as the “classics” contributions of the rational choice literature, being considered the foundations of rational choice movement and the rational choice “Pentateuch” in some papers<sup>2</sup>.

The research topic of rational choice theory has been diversified over time; in its angle of analysis founding issues such as: the war, the bureaucracy, the voter’s behaviour, the behaviour of interest groups, the public expenditures, the monetary policy, the policy-making process and other issues of social sciences in general. Applying rational choice theory to the study of public policy and to the management of political process represents a significant challenge for studying governance. The premises of these theories have subtended the emergence of a new model of public policy analysis focusing on the formulation and implementation stage; the approaches being driven by the idea that government institutions give three features to the public policies: (1) legitimacy [public policies involve legal constraints for citizens]; (2) universality [governmental public policies can have as target group the whole society]; (3) coercive force [the mandatory compliance by coercion]<sup>3</sup>.

The rational choice theory helps us to understand better how economic, social and political background is changing and how the public policies must evolve for adapting themselves to the changing needs and to the change of society. The origin of policy science is found in a Laswell’s essay, “The Policy Orientation”. The author defines public policies as the most important elections and outlines the main defining features of policy science<sup>4</sup>:

- it is multidisciplinary, uses methods and knowledge from different fields namely, public administration, law, political science, economics, organization theory, etc.;
- it is focused on solving problems, the public policy science has not only an academic character, but it is oriented on real problems, seeking solutions to these;

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<sup>2</sup> Schneider, F., (1991) „A European Public Choice perspective”, *Public Choice*, nr, 71, p.198; Grofman, B., (2004) „Reflections on public choice”, *Public Choice*, no. 118, p. 31.

<sup>3</sup> Sapru, R. K., (2009) „Public Policy: Formulation, Implementation and Evaluation”, Ed. Sterling Publishers, India, p. 83.

<sup>4</sup> Laswell, H. D., (1951) „The Policy Orientation”, in Lerner, D., Laswell, H. D., (1951) „The Policy Sciences”, Ed. Stanford University Press, Palo Alto; Miroiu, A., Zulean, M., Rădoi, M., (2002) *Politici publice*, Ed. Politeia, București, p. 31, Howlett, M., Ramesh, M., (2004) „Studiul politicilor publice”, Ed. Epigraf, p. 11.

- it is explicitly normative, to wit assuming that it cannot be absolutely objective in the study of government action.

The development of the public policies filed in Romania, occurred as an answer to both, the changes on the international and European level and, on domestic level also. After 1989, after the denunciation of communist regime, it start opening the political system towards liberalization and public participation, and as a result of this it occurred the intensification of the demand for public policy.

The “consolidated” beginning of the reform process is marked by the adoption of the Strategy for accelerating public administration reform that proposes an approach of the reform process based on three strands: (1) decentralization and deconcentration of public administration, (2) civil service reform and (3) improving the public policy-making. The all changes occurred in the whole society and in particular, within public administration outline the requirements for justifying the ways in which the public administrations’ intervention should be adapted to market pressures. Applying some rational public policies is one of the express objectives of the strategy. In this sense it is fostered, detailed and promoted the disciplined and organized approach of the society problems. From this perspective (rigorous approach), the problems analysis require the knowledge of certain methods of the scientific approach of the community and state action, methods relate to the rational choice theory.

Therefore, the idea that public administration represents the formal framework in which the public policies decisions are formulated, initiated and implemented in such a way that the objectives of political power to be turned into results, has been strengthened through national efforts supported by the specialized structures of the EU. The recent steps of Romania for understanding the new way to manage the public policies have determined to set out the institutional framework for developing, implementing and evaluating of public policies and to the improvement of the legal and procedural framework of the field.

The impetus for promoting the public policies, but also, the main reason that they are the core of the government activities is found in the tension between the free market and public sector. The state involvement in the market economy is usually done through executive bodies with



approve in principal, of the legislative bodies. This constraint is only a necessary condition for increasing the role of the government institutions in the public policy-making process<sup>5</sup>.

The complexity of the topic “the rational perspective on public policy-making process” and the intrigue drawing by the diversity of views concerning the contributions and limits of rational choice theory have bestirred the interest to carry out this research work. Emerged on **question** such as: “Are the answers of public intervention rational?”, Could we rather identify within public policy-making process elements of rational choice theory or of incrementalism?”, the research has got to be drawn and developed on the quest “To what extent could we relate to public policy-making process as an approach shaped by the assumptions of rational choice theory?”.

Behind the questions are found the following **hypotheses**:

- A1: “The lack of coherence in public policy-making”;
- A2: “The emergence of changes in public policy-making process has been determined and the new status of Romania, namely the European Union Member State”;
- A3: “The public policy-making process follows rather the preferences of the political actors than solving a problem of public interest”;
- A4: “The rational choice perspective on public policies allows the elaboration of certain coherent and efficient public policies”.

In drawing a relevant answer, the **general objective** of this paper is to analyze the role and the place of rational choice theory within the public administration more precise, within the public policy-making process. According to the general objective of this paper have been outlined the following **specific objectives**:

- identifying and analyzing the main aspects of rational choice theory;
- setting some theoretical connections between public administration’s study and rational choice theory;
- exploring, in a multidisciplinary way the public policy-making process in general, stressing the rational choice perspective on this;

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<sup>5</sup> Matei, A., (2003) „Economie publică. Analiza economică a deciziilor publice”, Ed. Economică, București, pp. 56-57.

- emphasizing the theoretical and practical facets arising from the acceptance of rational choice theory assumptions on the European and national policy-making process.

In the context that I presented above, I mention that the research was based on a continuous review of the specialised literature, on scientific exploration of some theories and testing these theories and hypotheses. The study case, in the way defined by Yin<sup>6</sup> has been used as **research strategy**. In order to answer to the research questions, the study was designed and built dyadic, the first part with the European policy-making process, as unit of analysis, and the second part enclosing to the national policy-making process approach. In the first part of the study, the authors chose to use a more **qualitative analysis**, because she sought to analyze the extent to which the legal and the institutional framework allow the development of rational public policy.

For solving the last issue, a subsequent research hypothesis has been formulated, namely, “the rational elaboration of public policies involves a correlation between the results of the public policies from complementary areas”, and the study has been defined to investigate the relationship between educational and labour employment policy. To test this relationship have been collected data from the National Institute of Statistics, the Ministry of Education, Research, Youth and Sports and interpreted using the correlation and regression methods (**quantitative research**). The starting point for this study was to analyze the existing laws in the field and all statistical yearbooks during 1989-2010 to determine the evolution of the results of the two policies under investigation.

Both methods allow the measurement of this relationship in two different ways, but they have also and common points. The correlation is used in order to find a number that expresses the relationship between variables and the power of this relationship without making a distinction between dependent and independent variable. The causality is not taking into account. On the other hand the regression is used in order to measure the relationship between two variables for estimating the values of the random variable on the values of the fixed variable. The regression aims to establish the causality relation between variables.

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<sup>6</sup> Yin, R., (2003) „Case Study Research: design and methods”, 3rd edition, Ed. Sage Publications, USA, p. 15-26.

The results of both models has been got using the mathematical formulas especially developed for them and with the support of the programme for statistical analysis, namely Statistical Package for Social Science (SPSS).

Like all research work and this work is likely changes, it can be improved through further research, that can continue the research on the policy-making process in terms of the perspective developed in this paper (rational choice theory) or can complete the results, addressing from different angles the issues related to this research. A first limitation for our study has been represented by a large number of works both pro and against the rational approach of public policy.

Other difficulties of this research focused on the information got in the documents analyzed during the empirical research, because they did not always correspond with the needs of the current survey, with the needs regarding the quality and quantity of information. Also, the lack of statistical data for certain periods, or the discrepancy between the data found in various sources on the same phenomenon or even within the same sources have been limits of this research.

Based on literature review and empirical research have emerged some study directions that supported the answers to the research questions drawn and allowed to structure this paper in five chapters detailed in the following sections.

## **Chapter 1**

### **Theoretical links between rational choice theory and public administration**

The previous schools of thought, but also the contemporary ones are concerned on the study of framework within the success or the failure of government is materialized. Given the interdisciplinary feature of public administration study the diversity of concepts and notions offered over time to explain and understand its significance, as well as the concept itself and the factors of its development<sup>7</sup>, become essential to clarify the meaning of some concepts.

#### **1.1. Theoretical cornerstones regarding the public administration concept**

It is widely recognized that the scientific knowledge of a subject requires the identification of the concepts. The notion of public administration has been widely and different analysed; the modern administrations being the result of the complex process of historical evolution of the states. The foundations of modern public administration have been built with hundreds of years ago, over different nations and cultures. The Bible mentions a variety of managerial and hierarchical structures that serve as a prototype for public governance. In Antiquity, the Greeks and the Romans developed methods for distribution of work in order to control the conquered lands and peoples. Ottoman and Persian Empire paved the way of public administration to the modern era<sup>8</sup>.

In Romania, a first source of inspiration, information and documentation for public administration was the Institute of Administrative Sciences “Paul Negulescu”, founded in 1925 at the initiative of Professor P. Negulescu, founding member of the International Institute of Administrative Law. In 1948 the communist regime eliminated abusive the institution, but it was reinstated in 1995 in Sibiu. The institute became a forum for scientific debate for scholars, practitioners and teachers on complex issues of public administration. A few years later, in 1998, the Romanian Institute for Public Administration was established at the initiative of professor Ioan Alexandru. In 2001, following the preparation for accession to the European Union was established the National Institute for Public Administration, that

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<sup>7</sup> The french literature, Bandet, P., Mehl, L., (1966) „Le fait administratif - nature, origine et développement” in *Traité de science administrative*, Ed. Mouton, Paris, pp.85-88, emphasises as factors of developing of administrative phenomenon the following events: (1) building the greater empires – developing the states’ territories; (2) developing the civilisation; (3) some dangerous situations.

<sup>8</sup> Vigota-Gadot, E., (2002) „Public Administration: An Interdisciplinary Critical Analysis”, Ed. Marcel Dekker Inc, USA, p. 1.

working as an organizational structure within the National Agency of Civil Servants, since November 2009. Another source of research is represented by public administration faculties, NGOs, associations and foundations whose purpose is to study and support the public administration in various forms.

Delineation the content and the domain of public administration has both, a theoretical and a practical importance. David H. Rosenbloom, in his paper, "Public Administration"<sup>9</sup> emphasizes that "public administration, like many other human endeavours is difficult to define, but people have all a sense of it, although are different opinions about how it could be done".

The Romanian interwar doctrine outlined the main perspectives on the "public administration" concept. In the following lines, for emphasising the valuable definitions formulated in this period, I shall give a brief overview on the opinions from that time. In Paul Negulescu words "administrations includes the state activities regulated by law" and consists on "all public service activities designed to satisfy the general interest", public administration being "the body that through the continuing law enforcement provides all the society needs"<sup>10</sup>. Another emblematic figure for public administration study from the interwar period is prof. Anibal Teodorescu, who considers the public administration as "the action of executive branch through public power processes"<sup>11</sup>.

The post war conceptions about public administration move away from the traditional notion, public administration meaning taken the form of "that activity which consists mainly in organizing and ensuring the execution, but also in direct execution of the purviews of the Constitution, of the all legal acts and of the other legal acts carry out by the authorities of the rule of law"<sup>12</sup>. In the light of this interpretation we find two essential and indispensable components of public administration, namely the structural-organic element and the

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<sup>9</sup> Rosenbloom, D. H., (1989) „Understanding management, Politics and law in the public sector”, Ed. Random House, New York, pp. 3-36.

<sup>10</sup> Negulescu, P., (1934) „Tratat de drept administrativ. Principii generale”, vol. 1, 4<sup>th</sup> edition, Ed. Institutul de arte grafice „E. Mârvan”, Bucureşti, p. 47

<sup>11</sup> Teodorescu, A., (1929) „Tratat de drept administrativ”, vol. 1, 2<sup>nd</sup> edition, Ed. Institutul de Arte Grafice Eminescu S.A., Bucureşti, p. 113.

<sup>12</sup> Iorgovan, A., (2005) „Drept administrativ. Tratat elementar”, vol. 1, 2<sup>nd</sup> edition, Ed. All Beck, Bucureşti, pp . 1 - 5 and pp. 80-83.

functional element. Taking into account the complexity of the concept, professor I. Alexandru asserts that public administration represent the “using of management, political and legal theories and processes to achieve the legislative, executive and judiciary government mandates, in order to ensure the regulations and the services for the society as a whole and for its segments”<sup>13</sup>. For a comprehensive example, as well as for covering the meanings of the “public administration” concept, we find necessary to continue the research approach outlining a modest number of definitions, formulated by the specialised literature beside the special formulations of professor Ioan Alexandru and Antonie Iorgovan outlined above.

Given the goal of public administration, which by its authorities carry out legal acts and technical operations in order to organize the execution and to enforcement the law and also the fact that public administration organise or provides direct public services, prof. Corneliu Manda <sup>14</sup>, defines public administration as “all local and central authorities of public administration and its structures that in respect of public power enforcement the laws and perform public services within the law”.

According to another opinion<sup>15</sup> public administration represents “the activity for organizing and enforcement the law, with character of disposition or provider, which is achieved mainly by public authorities and their civil servants and, in the alternative by other public authorities, and by particular organizational structures involved in activities to satisfy the public interest”. Also, according to professor Ioan Santai’s assertion <sup>16</sup> public administration may be considered “that category of state authorities constituted under the same core function (forms) of activity, that is carry out and by which is achieved in specifically way the public power”.

We note that the explanation and definition of “public administration” has been done in relation to other concepts, such as public service, public power, administrative body, civil service, public authority, administrative authority, public interest. The using of some concepts such as “public service - providing activity”, “public power - prescriptive activity”, “public

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<sup>13</sup> Alexandru, I., (2007) „Drept administrativ”, 2<sup>nd</sup> edition, rev., and added, Ed. Lumina Lex, București, p. 36; Alexandru, I., (2007) „Administrația publică - Teorii, realități, perspective”, 4<sup>th</sup> edition, Ed. Lumina lex, București, p. 67; Alexandru, I., (2000) „Curente de gândire privind administrația publică”, Ed. Economică, București, p. 22.

<sup>14</sup> Manda, C., (2001) „Drept administrativ. Tratat elementar”, Ed. Lumina Lex, București, pp. 27-35.

<sup>15</sup> Preda, M., (2004) „Drept administrativ”, Ed. Lumina Lex, București, pp. 11-13.

<sup>16</sup> Santai, I., (2002) „Drept administrativ și știința administrației”, vol. 1, Ed. Risoprin, Cluj Napoca, p. 4.