

# **Policy Instruments, Policy Styles, and Policy Implementation: National Approaches to Theories of Instrument Choice**

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## **The Study of Policy Instruments**

Political scientists have studied policy instruments in order to better understand the linkages between policy formulation and policy implementation, and to gain insights into the public policy decisionmaking process. Although other policy analysts—most notably economists—have also devoted a great deal of time and attention to questions of instrument choice, they have done so with other aims in mind, most notably the formulation of prescriptive models urging decisionmakers to adopt particular instruments in order to promote overall economic efficiency and social welfare.<sup>1</sup> Most political scientists, however, tend not to think of public policymakers as being driven solely by concerns of theoretical purity but rather to be responding to a whole host of social, political, economic, and administrative concerns when selecting a particular technique by which to obtain their policy goals.

Grappling with the complexity of policy instrument choices poses an interesting set of problems for political scientists, who have responded by developing a number of categorization schemes and taxonomies in the effort to reduce or manage the complexity and systematically identify the key variables at work in such decisions. Interestingly enough, as shall be argued below, political scientists working in different countries have come up with a number of different schemes identifying different sets of key variables at work in policy instrument choices. Although many of these models purport to be “general” theories—in the sense of not being restricted in relevance to national territories or states—since they identify different variables at work in different countries their conclusions are “nation-bound” and their theoretical claims must be reevaluated.

As shall be argued below, the national limits of these investigations suggest that rather than developing a general theory of policy instrument choice, these analysts may have unintentionally contributed in a significant way to a larger discussion of the concept of “national policy styles.” In what follows, the different national treatments of instrument choice will be outlined and their contribution to the investigation of policy styles discussed.<sup>2</sup>

## **Conceptualizing Policy Instruments: General Considerations**

"Policy instruments" is the generic term provided to encompass the myriad techniques at the disposal of governments to implement their public policy objectives. Sometimes referred to as "governing instruments" or "tools of government," these techniques range in complexity and age, although most are well known to students and practitioners of public administration.<sup>2</sup>

Most present day studies of policy instruments have their origins in the work of Theodore Lowi. Policy analysts in many countries were influenced by Lowi's early efforts to categorize the types of policies which governments could enact, and by his effort to differentiate policies according to the criterion of coerciveness (Lowi, 1966, pp 27-40, 1972, pp 298-310). Lowi, as is well known, adopted Cushman's insight into the gradations possible in government activity<sup>3</sup> and argued that a four-cell matrix based on the specificity of the target of coercion and the likelihood of its actual application would suffice to distinguish the major types of government activity. The original three policy types included the weakly sanctioned and individually targeted "distributive" policies, the individually targeted and strongly sanctioned "regulatory" policies, and the strongly sanctioned and generally targeted "redistributive" policies. To these three Lowi later added the weakly sanctioned and generally targeted category of "constituent" policy.

Although widely read, Lowi's typology was difficult to operationalize and somewhat internally inconsistent and, as a result, rarely applied. However, the notion of "policy determining politics" proved alluring and led to other efforts to classify and comprehend policy instruments among policy analysts in many different countries. The views and intentions of individuals working in this field were neatly summarized by Charles Anderson in 1971. As Anderson put it, for the theorist of policy instruments,

Politics is always a matter of making choices from the possibilities offered by a given historical situation and cultural context. From this vantage point, the institution and procedures of the state to shape the course of economy and society become the equipment provided by a society to its leaders for the solution of public problems. They are the tools of the trade of statecraft (pp 117-132)

Instrument choice, from this perspective, is public policymaking, and the role of the policy analyst is one of assisting "in constructing an inventory of potential public capabilities and resources that might be pertinent in any problem-solving situation" (p 122)

## **Analyzing Policy Instruments: Methodological Considerations**

Most investigators followed a similar strategy in attempting to come to grips with the concept of policy instruments and policy instrument choice. First, following the lead of the policy sciences, they disaggregated the policy process

into a series of stages and identified instrument choice with the stages of policy formulation and/or policy implementation.<sup>4</sup> Second, an effort was made to reclassify into a series of manageable groups or categories the admittedly large range of implementation techniques utilized by governments.<sup>5</sup> Third, on the basis of investigations into actual instances of instrument use some explanation or rationale was provided for why governments would choose one instrument over another in a given decisionmaking context.<sup>6</sup>

Although there are some minor debates between political scientists over the first two activities—for example, whether instrument choice properly belongs to the stage of policy formulation or to implementation or both (Palumbo & Calista, 1990, Linder & Peters, 1990, Sabatier & Mazmanian, 1981, van Meter & van Horn, 1975), or whether a specific technique fits into this or that general category<sup>7</sup>—there is a more or less general consensus of opinion among political scientists in these two areas. However, in the final element of the strategy there is much less agreement. It is this third stage, of identifying the rationale for policy instrument choice, which has generated several different conclusions among political scientists working in the area.

To a certain extent, the second and third stages overlap since the analysis of the rationale for choice will be at least partially determined by the nature of the classification system utilized. There are two common methods of dealing with instruments, the “resource” approach in which various techniques are categorized according to the nature of the governing “resource” they employ—for example, fiscal resources or organizational resources—and the “continuum” approach in which instruments are ranged against some choice which governments must make in the implementation process—for example, whether to use state or market-based instruments. At first blush, it appears that the use of either model has distinct consequences for the analysis of policy instrument choice. Closer examination, however, reveals that the two approaches merely have different starting points for the subsequent inquiry into policy instrument choice, and arrive at many of the same conclusions. While at first appearing to be mutually exclusive, the two approaches can be easily synthesized.

Resource-based schemes with discrete categories of instruments tend to focus attention on the differences existing between instruments. Such taxonomies often lead to the conclusion that instruments are not entirely substitutable—that is, that instruments have particular capabilities and particular requisites and must be carefully matched to the job they are expected to perform. If not all instruments are capable of addressing all problems, then a large part of the task before governments and policy analysts is to establish the technical specifications of each instrument to see which instruments are even theoretically capable of addressing a given problem. Once this is done, instrument choice is made relatively simple since the nature of the problem faced by governments, the supply of governing resources, and the capabilities and requisites of different instruments serve to restrict the number of feasible and available instruments and to greatly narrow the range of choice available to governments. Explaining an instrument choice, in this conception, is largely a matter of determining the parameters of a given policy

situation and matching the needs for action and the supply of existing governmental resources with the capabilities and resource demands of the different governing instruments

Continuum models, on the other hand, focus on the similarities existing between instruments and tend to reinforce notions that instruments are technically substitutable. At first glance, this appears to make the question of instrument choice more difficult since it would appear that at least in theory any instrument could be utilized in any given situation. Given this technical substitutability, why one instrument is chosen over another cannot be explained or conceived of as a matter of technical necessity. Rather, a host of other factors must come into play and these rationales for instrument choice are built into the taxonomical models in the dimensions against which the continua are ranged. Instrument choice, in these schemes, becomes largely a matter of political determination since different governments will choose different instruments, given their particular mix of preferences along the dimensions upon which instruments are ranged.

Ultimately, the issue of instrument substitutability is a red herring, since neither the resource nor the continua model actually argues that, in practice, all instruments are substitutable for each other. Rather, both argue that instrument choice is circumscribed by existing social, political, and economic circumstances which may constrain or encourage the use of particular instruments. The difference between the two methodologies is one of emphasis not substance, between the resource model's emphasis on "technical" aspects of the instruments themselves and the continua model's emphasis on "contextual" aspects of instrument choice.

Once the apparent discrepancies between analyses adopting a continuum approach and those adopting a resource-based classification system are overcome, a review of the relevant political science literature reveals three major analyses coexisting at the present time which offer different answers to the question of the rationale for instrument choice. What is interesting is that these approaches vary by national origin with different analyses dominating discussions in Canada, the United Kingdom, and the United States. Although there are many commonalities found among these approaches in terms of the classification of instruments and the general conclusions reached concerning the nature of instrument choices, there is little agreement over the specific rationales for instrument choice described in each country. Each of these three distinct analyses will be discussed below.

## **Policy Design: The American Approach**

In the United States, Lowi and Anderson's suggestions that public policy analysis shift from the study of policies and programs to the study of policy implements and techniques were taken up in the 1980s by many different analysts. Most of these authors shared Anderson's conclusion that policy studies had "gone wrong" right at the start by defining policy in terms of "areas" or "fields" rather than in terms of instruments. As Salamon (1981) argued

The major shortcoming of current implementation research is that it focuses on the wrong unit of analysis, and the most important theoretical breakthrough would be to identify a more fruitful unit on which to focus analysis and research. In particular, rather than focusing on individual programs, as is now done, or even collections of programs grouped according to major "purpose" as is frequently proposed, the suggestion here is that we should concentrate instead on the generic tools of government action, on the "techniques" of social intervention (p 256)

Salamon also framed two important research questions to be addressed in the analysis of tools of government action: "What consequences does the choice of tool of government action have for the effectiveness and operation of a government program?" and "What factors influence the choice of program tools?" (p 265)

Some American analysts attempted to construct their own taxonomies based on the classification of instruments according to governing resources. Some, like Bardach, argued that governments have only a limited number of general "strategies" which they can follow in addressing any policy issue, and that each strategy requires some combination of basic governmental resources.<sup>8</sup> Still others, like Elmore, attempted to classify a multiplicity of governing instruments into larger categories which themselves were based on existing governmental resources.<sup>9</sup> Others, like Anderson, simply adopted existing resource-based taxonomies such as Kirschen's (1964) or Tinbergen's (1967). These analyses were largely idiosyncratic and did not lead to any systematic effort to construct a general theory of instrument choice. In fact, these studies said very little at all about the key issue of the rationale for instrument choice.

A second avenue of research proved more fruitful and led to more systematic efforts on the part of many American political scientists to comprehend the process of instrument choice. Adherents of this approach followed Salamon's lead in citing early work by Dahl and Lindblom (1953) utilizing a continua methodology.

Dahl and Lindblom had not tried to develop an exhaustive list or categorization scheme for existing techniques of governance but instead had argued that the number of alternative politico-economic instruments was virtually infinite. They concentrated their efforts instead on describing the broad nature of the differences and similarities existing between the choices governments faced in implementing policy. They argued that a wide range of techniques lay between the poles of five different continua of government choice. The first continuum ranged instruments according to whether they involved public or private enterprises or agencies, the second according to whether they were persuasive or compulsory, the third according to whether they involved direct or indirect controls over expenditures, the fourth according to whether they involved organizations with voluntary or compulsory membership, the fifth according to

whether government agencies were autonomous or directly responsible to legislators or executive members (see Table 1)

As was suggested above, ultimately these two approaches to the question of instrument categorization differ very little. Although the names given to various categories differ, it is generally agreed that governments have a wide variety of choice among techniques available to implement policy and that these techniques are intimately tied to the nature of state and societal resources or capabilities. Kirschen et al., for example, argued that the key determinants of policy choice were the economic objective pursued and the structural and conjunctural context of the choice. The economic objectives, they argued, were determined by the interaction of political parties and their representatives in government, administrators, and interest groups within a structural and conjunctural context itself influenced by long-term economic processes and structures, and current economic conditions (Kirschen, et al., 1964, pp. 224-244). In this view, the actual choice of instrument, then, is made on essentially technical grounds, according to efficiency and cost criteria, but also according to the political preferences of interest groups and governments, including sociological and ideological constraints; and taking into account institutional limitations of the political system. In the case of continua models such as Dahl and Lindblom's the same basic logic applies although the emphasis on the technical capacity of specific instruments is replaced by an emphasis on the elements of the organizational capacity of governments and societies which define the continua.

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**Table 1**  
**Dahl and Lindblom's Continua of Instrument Choice**

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**Continuum 1.** Nature of Instrument Ownership *Government to Private*  
*Government—Part Government—Joint Govt-Private—Private*

**Continuum 2.** Nature of Government Influence *Compulsion to Persuasion*  
*Compulsion—Arbitration—Mediation—Conciliation—Information*

**Continuum 3.** Nature of Government Control *Direct to Indirect*  
*Nationalization—Licensing—Taxes/Subsidies—Macro-manipulation*

**Continuum 4.** Nature of Instrument Membership *Voluntary to Compulsory*  
*Private Clubs—Compulsory Membership Organizations—Nation-State*

**Continuum 5.** Nature of Instrument Autonomy *Full to None*  
*Autonomous Agencies—Semi-Autonomous Agencies—Bureaucratic Agencies*

**Source** Adapted from *Politics, Economics and Welfare* by R. Dahl and C. Lindblom, 1953, New York: Harper and Row

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In the contemporary period, American studies of policy instruments are dominated by analysts working in the "policy design" approach.<sup>10</sup> This approach, to a certain extent, synthesizes both the resource and continua models, identifying a certain basic number of general categories of instruments based on governing resources, and then identifying a number of continua describing the kinds of choices governments make in selecting instruments.

**Table 2**  
**Linder and Peters—Synthetic Policy Design Approach**

**The Sample of Policy Instruments**

Cash Grants	Govt.-Sponsored Enterprises	in-kind transfer
Loan Guarantee	'Tax Break'	Fee/charge
Certification/Screening	Govt. Provision	Fine
Administered/Contract	Quota	Prohibition
Quality Standard	'Jawboning'	Public Promotion
Information/demonstration	Procedural 'guideline'	Insurance
Loan	Licence/permit	Price Control
Public/Investment	Franchise	

**The Sample of Design Criteria**

1	Complexity of Operation	Low-----High
2	Level of Public Visibility	Low-----High
3	Adaptability Across Users	Low-----High
4	Level of Intrusiveness	Low-----High
5	Relative Costliness	Low-----High
6	Reliance on Market	Low-----High
7	Chances of Failure	Low-----High
8	Precision of Targeting	Low-----High

**Source** Adapted from Instruments of Government. Perceptions and Contexts, by S. H. Linder and B. G. Peters, 1989, in *Journal of Public Policy*, 9 (1), p. 56

Probably the best summary of this multi-dimensional synthetic approach is that of Linder and Peters (1989). As Table 2 illustrates, these two authors argue that instruments vary according to eight criteria, all ranging from low to high in a series of conjoint continua. Ultimately, however, Linder and Peters argue that there are four basic attributes of individual instruments which must be considered by governments in selecting or designing policies. These are as follows:

- 1 *Resource intensiveness*, including administrative cost and operational simplicity,
- 2 *Targeting*, including precision and selectivity,
- 3 *Political risk*, including nature of support and opposition, public visibility and chances of failure, and
- 4 *Constraints on state activity*, including difficulties with coerciveness and ideological principles limiting government activity  
(p 47)

The basic assumption made by design theorists is that policy instruments are technically substitutable but context-ridden. That is, in any given situation policymakers will arrive at some mix of preferences for resource intensiveness, political risk, and targeting, taking into account the nature of constraints on state activity. Although all are capable of "getting the job done," some instruments will perform better on some criteria than others. However, the normal situation will not be to have the same instrument perform well when measured against all the criteria of instrument choice. At that point, it becomes a matter for decisionmakers to weigh the different options available and perform their own kind of electoral and administrative cost-benefit analysis in finally determining which instrument to adopt. For the design theorists, then, instrument choice is ultimately a political decision heavily influenced by the nature of beliefs, attitudes, and perceptions held by political and bureaucratic decisionmakers.

## **The Tools of Government: The British Solution**

In the United Kingdom, policy instruments have been the subject of many investigations in the traditional study of public administration. Many of these studies, however, retain that discipline's suspect separation of "politics" from "administration" and thus fail to address the issue of "policy determining politics" or the "politics of policy implementation." One recent exception, however, can be found in the works of Christopher Hood. Hood has generated a major work on the subject (1986) which has received much international attention.

As is the case with the American policy design approach, Hood is influenced by Lowi. However, his discussion is also directly influenced by studies of the British and German policy implementation processes undertaken by Andrew Dunsire (1977) and Renate Mayntz (1975). Unlike many of his contemporary North American counterparts, Hood's categorization of policy instruments is resource-based and is not a continuum. And unlike many others who utilize resource-based schemes, Hood shares the notion of technical substitutability of instruments. The virtues of Hood's model are that it is relatively straightforward and serves as an admirable synthesis of many other, earlier, resource-based models of policy instruments.

Hood argues that governments have essentially four resources at their disposal—informational, financial, coercive, and organizational—and can utilize those resources for either of two purposes: to monitor society, or to alter its



behavior. In Hood's terms, these resources are "nodality, authority, treasure, and organizational" (NATO), and the two purposes to which these resources can be put are as "detectors" or "effectors." As Table 3 indicates, this formulation is useful in providing eight clearly differentiated categories of instruments.

Hood's model is strong in immediately distinguishing between the two different purposes to which instruments can be directed, avoiding in this manner some conceptual ambiguity found in some earlier resource models. However, it is not at all straightforward in establishing why governments would choose particular instruments in particular situations.

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**Table 3**  
**Hood's Model of the Tools of Government**

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**Examples of Policy Tools**

	Nodality/Information	Treasure/Finance	Authority	Organization
<b>Effectors</b>	Advice	Grants, Loans	Laws	Service Delivery
<b>Detectors</b>	Surveys	Consultants	Registration	Statistics

**Source:** Adapted from *The Tools of Government* (pp. 124-125) by Christopher Hood, 1986, Chatham. Chatham House Publishers.

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Most resource-based schemas, as was discussed above, argue that instrument choice is essentially a technical matter of matching ends and means within a context of socio-political constraints. Hood (1986), however, explicitly rejects this emphasis on technical criteria, stating that

If the operation of government's tools were unproblematic, it could be left to "technocrats," and the rest of us could concentrate on the purposes that government should pursue. Things are not like that in reality. (p. 9)

In a fashion more typical of continua models, Hood argues that "selecting the right tool for the job often turns out to be a matter of faith and politics rather than of certainty" (p. 9).

Instead, more typical of the continua approaches, Hood assumes that instruments are essentially substitutable, but that governments will choose certain instruments over others due to resource constraints, political pressures, legal

constraints, and lessons learned from past instrument failures (pp. 118-120, 141-143) Although the exact nature of these forces is never spelled out, Hood does discuss a number of "normal" patterns of government "retooling" over time. These include (a) a shift from information-based instruments to those based on other resources, and (b) a shift from reliance on coercion alone to the use of financial and organizational resources (pp. 126-131). Furthermore, following Peters and Hogwood (1980) Hood argues that technological change may negate old instruments and lead to the application of new ones, often on the basis of analogies between historical and present day circumstances drawn by policymakers (pp. 128-131).

The exact reasons for these observable patterns, however, remain unenumerated. Presumably decisionmakers opt for the use of financial and organizational resources on the basis of past negative experiences utilizing nodality and authority-based instruments, but no systematic analysis of the reasons for such failures or successes is proffered. Instead, Hood argues the more general case that governments learn from their mistakes in a process of trial and error and that mistakes are inevitable since the choice of alternatives is large and information imperfect, meaning instrument choice remains very much a matter of "intuition, tradition, faith and serendipity" (p. 135). As he puts it:

Given that all feasible alternatives cannot be systematically appraised, it follows that in many cases politics will play a large part in the selection of tools for the job. The idea of government coolly and open-mindedly browsing round its tool shed to select the most effective instrument for the job in hand is, of course, quite unrealistic (p. 136).

Despite this endorsement of the essential irrationality of the outcomes of the policymaking process, Hood does argue that this process is driven by identifiable forces and that governments have learned from experience which instruments achieve the best results dealing with these forces. The forces governments must deal with are, of course, social ones and Hood argues different instruments vary in effectiveness according to the nature of the social groups governments are attempting to influence. Following Mayntz, Hood argues that if large and well-organized social groups exist, governments will utilize persuasion and expenditure instruments. Hood notes that the size of the target group is significant since the larger the group to be affected, the more likely governments will use "passive" rather than "active" instruments. However, he also argues that, regardless of the size of the social group affected, if governments want voluntary compliance from the group they will not utilize coercive instruments. On the other hand, if they want to redistribute resources among those groups they will utilize coercive instruments (pp. 138-139).

Thus, ultimately, for Hood, as for most other analysts of policy instruments, instrument choice is a function of available state resources and capacities, in conjunction with the nature of state aims and the organization and capacity of

targeted societal actors. However, he differs from the U.S. policy design approach in arguing that certain characteristic patterns of instrument choice are visible. He argues that governments have a distinct preference for use of information and authority instruments since those instruments are "non-depletable." In fact, most preferred is nodality or information-based influence, since only instruments based on this resource are both nondepletable and involve minimum constraints placed upon citizens. When constraints are required, this is primarily due to the desire to more closely target societal groups for action. In this case authority is to be preferred over organization since it is less resource-intensive. Unlike the American analysts who focus upon politico-bureaucratic calculations of electoral and administrative advantage as significant factors determining specific instrument choices, Hood suggests that past precedents and experiences with different instruments lead decisionmakers to favor certain instrument choices which have proven themselves to be capable of attaining compliance on the part of the targeted group with the least expenditure of governing resources.

## **Policy Instruments: The Canadian Literature**

A third approach to the question of instrument choice exists in Canada, where debate among political scientists over the issue has taken the form of criticisms and reformulations of ideas initially developed by G. Bruce Doern of Carleton University in collaboration with several other colleagues at Ontario universities. Doern's work emerged out of the Canadian public administration tradition established by J. E. Hodgetts and the investigation of the origins, roles, and development of nondepartmental actors or "structural heretics" such as regulatory agencies and public enterprises identified as key players in Canadian political development in Hodgetts' seminal works on the subject (Hodgetts, 1955, 1964, 1974, Hodgetts, Doern, Wilson, & Whitaker, 1972).

Doern and his colleagues were also influenced by the writings of Theodore Lowi, and especially by Lowi's observation that governments faced distinct choices in deciding how to implement their policies, choices which, to a certain extent, dictate the nature of future politics and policy decisions in the area concerned.<sup>11</sup> In a series of articles and monographs published in the late 1970s and early 1980s, Doern et al. created a single continuum model of instrument choice, altering Lowi's matrix of policy choices into a continuum of instruments graded according to the "degrees of legitimate coercion" utilized in their employ.

At first Doern et al. placed only self-regulation, exhortation, subsidies, and regulation on the scale (Doern, 1981, pp. 1-16), but later added categories for "taxation" and public enterprise (Tupper & Doern, 1981, pp. 1-50), and finally, they added an entire series of finer "graduations" within each general category (Doern & Phidd, 1983) (see Table 4).

For Doern and his colleagues, this taxonomical exercise led to the hypothesis of a two-fold rationale of instrument choice: one that fit very well with the notion of a "continuum" of choices, and one which offered a great deal of explanatory power in the Canadian context. The Doern rationale was based on an

appreciation of the ideological preferences of Canadian governments and on the "strength" of societal forces those governments wished to regulate. Assuming that all instruments were "substitutable" it was argued that in a liberal democratic society governments preferred to use the least coercive instruments available and would "move up the scale" as necessary to overcome societal resistance to effective regulation. As Doern and Wilson (1974) put it:

politicians have a strong tendency to respond to policy issues (any issue) by moving successively from the least coercive governing instrument to the most coercive. Thus they tend to respond first in the least coercive fashion by creating a study, or by creating a new or reorganized unit of government, or merely by uttering a broad statement of intent. The next least coercive governing instrument would be to use a distributive spending approach in which the resources could be handed out to constituencies in such a way that the least attention is given as to which taxpayers' pockets the resources are being drawn from. At the more coercive end of the continuum of governing instruments would be a larger redistributive programme, in which resources would be more visibly extracted from the more advantaged classes and redistributed to the less advantaged classes. Also at the more coercive end of the governing continuum would be direct regulation in which the sanctions or threat of sanctions would have to be directly applied. (p. 339)

**Table 4**  
**Single Continuum Model of Instrument Choice**

Private Behavior	Exhortation	Expenditure	Regulation	Public Ownership
Self-Regulation	Speeches Conferences Advisory Investigations	Grants Subsidies Transfers	Taxes Tariffs Fines Imprisonment	Crown-Corporations Mixed-Corporations
Minimum------(Degrees of Legitimate Coercion)-----Maximum				

Source. Adapted from *Canadian Public Policy: Ideas, Structure, Process* (pp. 111 and Figure 5.3) by G. B. Doern and R. W. Phidd, 1983, Toronto: Methuen.

The rationale behind the choice of instrument in the Doern model, then, is essentially ideological with a good measure of contextual politics thrown in. That is, any instrument could "do the job" but governments will prefer less

coercive instruments unless forced by either recalcitrance on the part of the target group and/or continued social pressure for change to utilize more coercive instruments

This formulation has its advantages. It is not uni-dimensional, although it might appear so on first reading, because it does take into account several political and contextual variables. However, it differs from some other multidimensional models—such as Linder and Peters—because it assumes certain preferences on the part of both state and societal actors. In fact it is more similar to Hood in assuming certain more or less fixed state preferences. That is, it assumes that both states and societal actors *prefer* a minimal state.

Although Canadian political scientists have raised numerous concerns with the details of the analysis Doern et al. have put forward, none has yet come forward with a radically different or more general theory.<sup>12</sup> The Doern model remains dominant in studies of Canadian public policy, its virtues of simplicity and parsimony apparently outweighing its theoretical difficulties.

Thus, like the American and British approaches discussed above, this Canadian approach also argues that instrument choice is ultimately determined by political calculations. Unlike the American and British approaches, however, in the Canadian case the explanation for the use of particular instruments lies not in electoral advantage, or in policy learning and past precedents, but with ideological preferences of state and societal actors.

## **Conclusion: Policy Instruments and National Policy Styles**

The question which must be asked is why theories of policy instruments which purport to be “general theories” appear to differ on a national basis? The above discussion has identified three different approaches to the question of instrument choice, all of which point to the significance of political factors in such decisions, but all of which also identify different combinations of such factors at work in different countries. The national dimension of these analyses leads immediately to a reconsideration of their theoretical status. Are these theories in fact “partial” theories which await a “general” synthesis? Or are they more properly “middle-range” theories, subject to national variation and to broader conceptions and theorizations of national and international political life? As will be apparent from the discussion below, the latter is the only reasonable conclusion based on the evidence gathered above.

Both Hood's and Doern's models are clearly partial theories—that is, theories which are relevant within the confines of the national units they investigate, but whose conclusions are incapable of application to the experience of many if not most other countries. This is immediately apparent in Hood's work, with its idiosyncratic list of instances of instrument use, its emphasis on past experience, precedents, and “policy learning,” and its subsequent identification of general hypotheses concerning instrument choices which are tailored to the British case.

The limitations of Doern's model are best appreciated when contrasted with the American policy design model. Utilizing Linder and Peters' eightfold schema, it is apparent that Doern et al. simply assume that policymakers (a) will prefer instruments with a low level of complexity since this minimizes costs and the use of state or administrative resources, (b) will prefer instruments with a low level of visibility since this complies with public expectations of a small state, and (c) will prefer instruments with a low level of intrusiveness, low cost, and high reliance on the market given these same structural and ideological preferences. As for adaptability across uses, this is taken as a given, due to the assumption of instrument substitutability, leaving only chances of failure and precision of targeting to be accounted for. Of course, governments leery of utilizing their powers will also be very leery of failure and will utilize low-risk instruments wherever possible.

That leaves only precision of targeting, which is, in fact, the criteria Doern et al. rely upon to explain instrument choice. Although they define their continuum in terms of degrees of legitimate coercion and range their instruments along this scale, as their critics have pointed out, this formulation is very problematical since "coercion" appears to be indivisible, or at best, very difficult to operationalize. What Doern et al. are actually attempting to identify through the coercion formulation is the specificity of the target of government action. It is this criterion, for example, which establishes the order in which self regulation, suasion, taxation, subsidies, regulation, and public ownership are placed on the scale—not coercion—which would certainly place taxation much higher and question the location given to public enterprises.

When viewed in this light, the Doern continuum turns out to be a discussion of what one might refer to as a "limiting case" of instrument choice, it is a theory of instrument choice which assumes substitutability of instruments and a liberal democratic society with a liberal democratic state. In such a case, of course, it is certainly true that instrument choice would be a relatively simple matter. Given the equal technical capacity of instruments, and state and societal preferences for minimal instruments, the only criterion for choice among the instruments would be the specificity of the intended target. Preferring "self-regulation," governments would first attempt to influence overall societal performance through exhortation and then add instruments as required in order to compel recalcitrant societal actors to abide by its wishes, eventually culminating, if necessary, in the takeover of individual firms.

And what of the American approaches? Many of these, like Lowi's original formulation, are quite idiosyncratic and help to explain only the U.S. situation where public ownership is limited, along with administrative departmentalization, by a variety of institutional and constitutional constraints, and independent or quasi-independent regulatory agencies have flourished. Only the policy design approach, and especially Linder and Peters' formulation of it, has managed to overcome some of these idiosyncrasies by drawing upon the insights and models put forward by a variety of other investigators, including Hood and Doern.

However, even these latter developments, while creating an admirable synthesis of existing materials, have failed to develop into a general theory with specific hypotheses drawn concerning instrument choices. Linder and Peters' work remains at the level of a middle-range theory, capable of identifying a number of relevant conditions or aspects of instrument choice but without any predictive power.

The reason for this failure has very little to do with the quality of the analyses or the nature of the cases examined. Rather it is a direct result of the fact that, as all of the analysts have pointed out, instrument choice is context bound. As such, it can never exist as a separate theory of political life, but must exist as a part of a more general theory of national public policymaking. One promising direction for such a general theory concerns the notion of national policy styles.

As Richardson, Gustafsson, and Jordan (1982) originally defined it, a nation's policy style is composed of two elements:

- (1) A Government's approach to problem solving—often characterized in terms of the incrementalist/rationalist debate and, (2) A Government's relationship to other actors in the policymaking and implementation process. [is it] concerned to reach a consensus with organized groups, or is it more inclined towards imposing decisions notwithstanding opposition from groups" (pp. 12-13)

All of the studies of instrument choice cited above take great care to observe sectoral nuances in instrument choice but still indicate that there are different national propensities to favor certain instruments in "normal" circumstances—a clear indication of the existence of national policy styles.

In the U.S., Lowi set out to explain instrument choice in a constitutionally fragmented state which gained strength after the Civil War, but never utilized public ownership in its activities, preferring, first, regulatory instruments during the progressive era and then expenditure instruments during the Rooseveltian period of welfare reform. Lowi's explanation carefully separated the different types of instruments, emphasizing their nonsubstitutability and arguing government preferences rested ultimately on how they accorded or failed to accord significant economic benefits upon powerful groups in American society.

Lowi's purpose in developing such a typology was not purely taxonomical or intended to serve as the basis for a general theory of instrument choice. Rather, it was an effort to develop a model of government activities which would allow major transitions in government activities over time to be identified. As he argued in "Four Systems of Policy, Politics, and Choice" with respect to the United States: "It is not hard to document historically that the overwhelming proportion of policies produced by the federal government during the 19th century were distributive" (1972, p. 300), while regulatory policies were introduced in the late 19th century and redistributive ones in the 20th. As would become clear in *The End of Liberalism* (1969), Lowi associated this change in policy regimes with the formation of interest groups and later 'peak' associations which were able to

influence policymaking for their own ends. As such, his work can be considered to be a fledgling effort to grapple with the American policy style.<sup>13</sup>

In Canada, Doern and Wilson were faced with a seemingly more interventionist Canadian state, if measured in terms of public ownership, although one still ostensibly committed to a primarily market society. How to reconcile the simultaneous use of less coercive instruments and public ownership? Through the notion that ideological preferences for "small" government can be overcome by a reasonably strong state if there is societal resistance to government ambitions.<sup>14</sup>

In the U.K. Hood faced a situation in which governments negotiated extensively with affected groups while developing policy, and faced a society opposed to the development of a large, strong state apparatus. For Hood this translated into observable preferences for nodality-based policy instruments or tools of governance and, when absolutely necessary, legal controls. His schema, needless to say, provides an explanation for why this situation occurred.<sup>15</sup>

The models of instrument choice developed, then, are congruent with the idea that different nations have different characteristic processes by which they arrive at policy decisions. In developing theories of instrument choice, all of the authors examined above quite naturally and correctly developed theories and models which would accurately reflect the empirical situations they faced.

In all of these studies, however, the identification of a national policy style is based not on the twin dimensions of a government's approach to problem solving and its relationship towards groups in society, identified by Richardson et al., but rather upon observed preferences of national governments for certain types of instruments given the nature of state-society relations existing in each nation. There is little doubt that these preferences are a better measure of Richardson et al.'s concern with "the government's approach to problem solving" than is a rehashing of the rationalist-incrementalist debate.

While there is little doubt that studies of policy instruments can benefit from studies of policy styles and vice versa, there are several areas in which much more work remains to be done. First, the relationship between policy styles and policy instruments needs to be elaborated more precisely. This involves not only additional work conceptualizing and clarifying theories of policy instrument choice, but also work clarifying the concept of national policy styles.<sup>16</sup> Second, much more comparative work needs to be done to add to the number of cases of instrument choice available, thus contributing to the development of studies of national styles, whether these turn out to be truly national or sectoral in nature.<sup>17\*</sup>

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## Notes

<sup>1</sup>The economics literature is too extensive to receive detailed treatment here. Suffice it to say that each "school" within modern liberal microeconomics has its own particular approach to the question. The dominant approach at the present time stems from Pigouvian welfare analyses focusing on correcting "market failures" through application of particular policy tools or techniques (see, for example, Economic Council of Canada, 1979, pp. 9-26 & 43-52, Utton, 1986, pp. 1-34, Breyer, 1982, pp. 13-33). Neo-liberal public choice analyses concentrate on the differential costs and benefits to certain strata of the population/electorate involved in the use of different techniques (Posner, 1974, pp. 335-358, Wilson, 1974, pp. 135-168). Recently some economists have adopted a more "neo-institutional" approach focusing on the precise mix of state and market instruments available in given social and political contexts (Mitnick, 1980, pp. 321-363).

<sup>2</sup>Probably the most exhaustive effort undertaken to identify and categorize these tools was that of Kirschen and his colleagues in the area of economic policy. As the Appendix illustrates, 63 distinct instruments were identified in this study and grouped into five general "families" according to the nature of the government resource they utilized—public finance, money and credit, exchange rates, direct control, and changes in the institutional framework (Kirschen, Bernard, Besters, Blackaby, Eckstein, Faaland, Hartog, Morrisens, & Tosco, 1964).

<sup>3</sup>Lowi acknowledged his debt to Cushman's initial realization that government could either regulate or choose not to regulate societal activities, and that if they chose the former they could regulate either in a coercive or noncoercive manner (Cushman, 1941).

<sup>4</sup>This dissection of the policy process is found in various guises in original articles and texts on the "policy orientation" (Lasswell, 1951, Brewer, 1974, Jones, 1984, Anderson, 1978).

<sup>5</sup>In doing so, many political scientists have drawn freely on the work of Kirschen although, as demonstrated subsequently in this article, a variety of different sources and classifications have been utilized.

<sup>6</sup>Often a fourth stage followed, in which the merits and demerits of specific instruments in meeting or achieving specific expectations were discussed as an aid to future government deliberations. The merits of critically evaluating past policy instrument choices are, of course, immersed in a longstanding debate about the role of policy analysis and its relevance in governmental deliberations, and will not be discussed here (see Wildavsky, 1979, Pål, 1987).

<sup>7</sup>See, for example, the different treatment afforded to "self-regulation" by Doern and Phidd (1983) and by Hood (1986).

<sup>8</sup>Bardach, for example, argued that governments have three "technologies" which they can utilize: enforcement, inducement, and benefaction, and that these strategies require different combinations of four critical governmental resources: money, political support, administrative competency, and creative leadership (Bardach, 1980).

<sup>9</sup>Elmore, for example, identified four major classes of instruments: mandates, inducements, capacity-building, and system-changing (Elmore, 1987).

<sup>10</sup>For an overview of the concerns animating this literature see Lander and Peters (1984), Dryzek and Ripley (1988), and Bobrow and Dryzek (1987).

<sup>11</sup>The pivotal Lowi writing is Lowi's "Four Systems of Policy, Politics, and Choice" (1972), cited in Doern (1974).

<sup>12</sup>See Woodside (1986) and Baxter-Moore (1987) for a critical discussion of the coercion formulation and the assumption of instrument substitutability. Trebilcock, Hartle, Pritchard, and Dewees (1982) and Trebilcock and Pritchard (1983) have also questioned the substitutability hypothesis and prefer public choice explanations of political-bureaucratic behavior. Howard and Stanbury do much the same (Howard & Stanbury, 1984, Stanbury, 1986).

<sup>13</sup>On the contemporary American policy style see John Freeman (1989).

<sup>14</sup>On the Canadian policy style see Atkinson and Coleman (1989a & 1989b).

<sup>15</sup>On the British policy style see Hecl (1974, pp. 284-322) and Jordan and Richardson (1982, pp. 80-110).

<sup>16</sup>The main problem with the concept of a national policy style is the apparent existence of major sectorial variations in that style. As Freeman has suggested (1985, pp. 467-496), up to the present the search for national policy styles may have been cast too broadly since different "styles" appear to exist in many different policy areas and subsectors.

<sup>17</sup>See Katzenstein (1977, pp. 897-920) for an instructive example of such a crossnational treatment.

## **Appendix**

### **Governing Instruments in Economic Policy Designated by Kirschen et al**

- 1 Manipulation of current balance of expenditures
- 2 Manipulation of overall balance of expenditures
- 3 Government investment
- 4 Subsidies and capital transfers to enterprises
- 5 Transfers to households
- 6 Government stock changes
- 7 Current purchases of goods and services
- 8 Wages and salaries
- 9 Transfers in the rest of the world
- 10 Direct taxes on household incomes
- 11 Direct taxes on enterprise incomes
- 12 Indirect taxes on internal transactions
- 13 Customs duties
- 14 Social security contributions
- 15 Taxes on property
- 16 Succession duties
- 17 Transfers from the rest of the world
- 18 Lending abroad
- 19 Lending to households and enterprises
- 20 Borrowing from abroad
- 21 Borrowing from households and enterprises
- 22 Open-market operations in short-term securities
- 23 Other open-market operations in existing debt
- 24 Bank rate
- 25 Legal imposition of maximum rates
- 26 Government guarantees of loans
- 27 Reserve ratios, etc
- 28 Quantitative stops on advances
- 29 Approval of individual loans
- 30 Other directives, recommendations, and persuasion
- 31 Control of local authorities and nationalized enterprise borrowing
- 32 Control of private companies' borrowing by new issues
- 33 Control of hire-purchase transactions
- 34 Control of other financial institutions
- 35 Devaluations
- 36 Revaluations
- 37 Control of private imports
- 38 State import trading
- 39 Control of private exports
- 40 Exchange control
- 41 Control of immigration
- 42 Price controls of goods and services
- 43 Rent control
- 44 Dividend control
- 45 Control of wages

- 46 Control of investment
- 47 Raw material allocation
- 48 Control of operations
- 49 Regulation of conditions of work
- 50 Control of exploitation of natural resources
- 51 Rationing of consumer goods
- 52 Quality controls and standards
- 53 Changes in the system of transfer to households
- 54 Changes in the system of subsidies to enterprises
- 55 Changes in the tax system
- 56 Changes in the credit system
- 57 Changes in the system of direct control
- 58 Agricultural land reforms
- 59 Changes in the conditions of competition
- 60 Changes increasing labor's influence on management
- 61 Changes in the extent of public ownership of industry
- 62 Creation of national institutions
- 63 Creation of international institutions

**Source:** From *Economic Policy in Our Time* by E. S. Kirschen et al., 1964, Amsterdam: North Holland Publishing Co.

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