

Policy instruments

Many options, a lot of classifications based on various criteria.

The most relevant classifications

-Christopher Hood

The government faces problems of public interest using one of four macro categories of government resources.

- use of information
- use of authority
- use of public money
- use of formal organizations available

Problems: categories so big that tools in the same category can exclude each other or be very different.

-G. Bruce Doem & Richard Phidd

Classification based on the criterion of legitimate coercion that each policy instruments implies.

Autoregulation has the lowest level of coercion, public property has the highest.

Problems: difficulty in the positioning of the tools along the scale of coercion.

From coercion to state presence

Instead of through coercion we can look at policy instruments through the lens of the state's presence in the delivery of policies.

In this way the tools are rearranged from voluntary to mandatory.

The fusion of this new scale with the list of policy tools (made by Kirschen in the 60s and others) allows us to achieve a more complete and easy to understand classification where we have three macro categories:

- Voluntary tools (family & community, volunteer organizations, free market)
- Mixed tools (taxes and tariffs, subsidies, information and exhortations, property rights auctions)
- Coercitive tools (regulation, direct delivery, publicly controlled enterprises)

The vast majority of policies can be achieved by using multiple instruments together, which means that the instruments are interchangeable with each other and that the government must evaluate which is the best instrument or combination of them to achieve its objective, considering the limitations and possibilities of each class of policy instruments.

Voluntary tools

These are tools in which the government has little to none involvement.

The problem is solved through the use of the family institution, community, volunteer organizations and free market.

Often the government decides to NOT decide and let the people "figure it out" cause the policy makers, after much ponderation (hopefully), realize that it's the best options for reaching their goal.

They can do that by "stepping out", cutting the allocated funds, and forcing the people to organize by themselves or by incentivizing the involvement of the family and the community.

Coercitive tools

These are tools that create obligations for individuals and companies to whom only remains little to none discretion.

In the exercise of its authority, the government can force individuals to act a certain way or adapt to certain criteria through the enactment of law and regulations; can create publicly controlled enterprises in order to produce goods that the private sector can't produce, due to high initial costs or very low margins, or can directly deliver goods and services through its bureaucratic hand.

Mixed tools

These are tools that combine elements of both voluntary and coercive instruments.

They allow the government to influence the decision of private individuals, but still leaving them the final choice on what to do.

It can promote the flow of certain information; can disincentivize unwanted behaviours through taxation or promote auspicious behaviours through subsidies.

It can also create a price system with tariffs where there wouldn't normally be one or allocate limited resources under the property of the best candidate through auctions.