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A TYPOLOGY OF GOVERNMENTAL ACTION

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Government has exactly seven—well, sometimes eight—strings to its bow. All legitimate government behavior can be classified in eight classes (of which one is almost never available for use). So what, you ask? Such a typology is useful for four reasons. First, it forms a useful checklist for designers of policy and programs.¹ Second, a consistent vocabulary provides important economy of discussion and analysis for scholars and analysts. Third, the list itself has some informative structure. Fourth, it provides a useful framework for teaching policy analysis and management tactics.

The policy analysis literature concentrates overwhelmingly on devices for comparing one or two identified policy approaches to a problem, or on policy proposals "in good currency" for a particular problem. Two very recent works approach the policy tool classification problem in detail and enrich the kind of scheme I present here, however.²

Here are the eight ways:

The Types of Government Action

	Direct	Indirect
Money	<i>Trade</i> Make Buy	<i>Transfer</i> Tax Subsidize
Other	<i>Regulation</i> [Oblige] Prohibit	<i>Knowledge</i> Inform Implore

An example will clarify this array. I have not found a product for which a complete set of eight realistic examples can be given. However, getting trash to the dump serves fairly well.

Example: Trash Collection

As many communities are discovering, trash can be collected not only by municipal trucks and workers (make) but also by contracting with private haulers (buy). As pollution charge purists would point out, we could also get the trash hauled by taxing people who stored more than a week's worth or flung it in the street (tax) and, awkwardly, by paying citizens who hauled their own trash to the dump (subsidize).³

All these involve the transfer of funds. But government can also haul the trash without using money. The first way is simply to force everyone to bring trash to the dump (oblige); the second is to forbid improper disposal (prohibit). These direct approaches involve two mechanisms that are, like taxes, unique to government in the absence of an explicit prior contract.

In the last cell, we note that simply telling people two sorts of things could get some trash hauled—perhaps even all of it. Government could just provide facts: where the dump is, and what hours it operates, how dangerous uncontrolled garbage is (disease, rats, broken glass), and so on (inform). It could also assert or describe values: Decent people take their trash to the dump where it belongs, so please do the same (implore).

The Special Problem of Obligation

The ringer in this set, as indicated by brackets in the table, is obligation. Surprisingly few real obligations can be imposed, even by governments with broad powers of prohibition. We have to look carefully, because many prohibitions look superficially like obligations. In the example above, it's much harder to require, say, a neurotically thorough recycler to discard something than to prohibit him from improper trash management.

Other government roles make the difference more striking. Building codes, for example, are carelessly discussed as an obligation to provide housing to certain standards. But a moment's reflection shows that no one has to provide any housing; we're merely prohibited from building certain (sub-standard) kinds. Rent control quickly demonstrates the distinction in practice. Government can prohibit people from charging too much, but if they don't provide enough, it can't make them build more. Its recourse is to a subsidy, make, or implore mechanism, not to obligation.

Many prohibitions, like the one against being of draft age, out of the army, and out of jail at the same time, look for all practical purposes like obligations. But it's worth keeping in mind that beyond compulsory education, jury duty, and revealing yourself to the census, real obligation is extremely rare in democratic societies, partly on moral grounds and partly for practical reasons. Even between societies, war is the least favored mode by which government A can produce value in the territory of government B. A program that appears to oblige deserves a close look to see what sort of prohibition it really is, if only to avoid surprises like the erosion of the rental housing market.

Less-tidy classifications

Some useful distinctions don't arrange themselves neatly in the table. For example, the government has a monopoly of three of these instruments and a special advantage in using a fourth, whereas the others are available to anyone. The monopolies are taxation, prohibition, and obligation. Because these methods always coerce people to do what they would otherwise prefer not to do, managing programs in these categories feels like swimming upstream. Government also has unusual powers to implore, owing to its general mandate to represent society's interest. For the president officially to condemn race discrimination is probably more effective in altering behavior than for the ACLU, or even both major party platforms, to do so.

Accountability and evaluation differ across these instruments. Make, tax, and buy programs manifest their money costs (at least) automatically, and usually in advance. Subsidies should do so as well, but they are frequently easy to hide. Because response to subsidy is uncertain, prediction of its total cost is often difficult.

Compliance with regulation is usually predictable as to type (what people do or stop doing) but less so as to amount, as Canute demonstrated. What people will do with information and advice is the least predictable.

Thus, from upper left to lower right we see a decreasing certainty of the effect of an intervention. If government makes or buys a good, we know how much of what we will get at what cost. Elasticity and regulatory strategies allow us to predict what will happen, but we are less certain how much of it. Knowledge strategies are usually gambles, based on good guesses about all their consequences.

Combinations and Comparisons

Few real programs fit entirely in one of these boxes. Taxation requires some information (when to file), some imploring (please file early), and some regulation (you may not employ people without withholding). Prohibitions implore, even if only implicitly. Making always requires some buying, because labor has to be obtained from outside government; buying is partly making, because the irreducible contracting or purchasing function adds value to the thing being bought. But most programs are predominantly of one flavor, and each of these generic ways of governing has characteristic qualities in practice: prohibition and taxation always feel like swimming upstream, subsidy is especially liable to "gaming," and so on.

Because almost any purpose can be accomplished in several of these ways, a typology of this kind serves as a goad to consider alternative means to achieve a given purpose. It also provides a framework on which to array craft knowledge and instructive examples, recalling characteristic advantages, liabilities, and applications of different instruments.

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NOTES

1. An example of a checklist search of types for alternative policies is presented in Edith Stokey and Richard Zeckhauser, *A Primer for Policy Analysis* (W. W. Norton: New York, 1978), pp. 322–323. Their four categories loosely match, in less detail, the typology presented here.
2. Lester M. Salamon and Michael S. Lund, (eds.), *Beyond Privatization: The Tools of Government Action* (Washington, DC: The Urban Institute Press, 1989); David Weimer and Aidan R. Vining, *Policy Analysis: Concepts and Practice* (Englewood Cliffs: Prentice-Hall, 1989).
3. This strategy will quickly fill the dump with trash from who knows where. We see here an example of the important asymmetries between these pairs: A subsidy is not just a negative tax.

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