

RSOG Seminar

Smarter Policymaking and Better Governance

with

Dr. Emil Bolongaita

When : 5 March 2015
Where : Razak School of Government
Speakers : Dr. Emil Bolongaita

About The Seminar

This seminar discussed the practice of public policy and how it offers a range of analytical and practical tools to develop reforms and interventions that can address societal problems of developing countries. Specifically, the presentation showed how policy analysis, injected with behavioural insights, enables policymakers and stakeholders to better understand the market failures and government failures that produce bad governance and socio-economic problems. The presentation discussed how policy analysis that does not ignore social and cultural contexts can generate options and solutions to overcome these failures, utilising examples from various countries of significant public policy reforms and interventions that resolved such problems.

Summary

An ever complex society needs a smarter policy for better governance. A poorly managed institution characterised by bad development and poor governance will result in market failure and government failures respectively. With regards to market failure, Dr Bolongaita listed few examples such as monopolies, negative externalities, public goods, asymmetric information, tragedy of commons, and disruptive competition. As for government failures, state capture, grand corruption, regulatory capture, petty corruption, and government ineffectiveness are some of the variables that play a role.

In order to combat market and government failures towards an improvement of any policy, rule of law must be established. This is in addition to other mechanisms such as command and control, financial incentives, market-enhancing measures, information disclosure, self-regulation, direct government action, “nudging”. In this day and age, good policies are those that also acknowledge and take into consideration the complexities of behaviour of the masses. Hence, the incorporation of behavioural insights in policy making. Dr Bolongaita shared that behavioural insights is a combination of behavioural economics and psychology to influence public choices. It acknowledges social, cognitive, and emotional behaviour influences in policymaking, especially in framing and directing certain intended behaviour from the masses.

It is human nature to be inherently myopic, lack self-control, be interested in the short-term, and to make mistakes when under stress. Therefore a “nudge”, or offering a slightly more attractive choice option can have bearing on people’s behaviour, is done without removing other options rightly available to them. Behavioural insights provide the prospect for cost-effective policies aimed at maximising outcomes and minimising mistakes without infringing upon the freedom of choice. In ensuring an effective behavioural insights programme, one must first identify the issues that require intervention (problem identification). A mapping of why such issues arise is important as it will aid in detecting its “choice architecture” – the environment in which people make decisions based on choices made available. Through testing and experimentation, along with understanding of the social, cognitive and emotional contexts, policymakers can identify potential choices to be presented. Findings of these tests and inquiry must consider the feasibility, practicality, and ethical aspects (i.e. not subtly forcing an option that infringes human rights) of the choice options. Once an appropriate “choice architecture” is identified, they can then be scaled up.

The speaker shared the case of organ donation in Europe, comparing countries with an opt-in policy with countries with an opt-out policy. Countries with an opt-out policy (therefore having an opt-in as default) such as Austria, Belgium, and France, have above 90 per cent consent rates compared to countries with an opt-in policy.

Another example is the New South Wales’s Office of State Revenue, which uses different phrases to collect fines. The phrase “Pay Now” gives more urgency for the public to pay their fines compared to the phrase “Please Pay”.

However, caution must be exercised as not all “nudging” efforts are successful. For instance, in Denmark, a project placed a series of green footprints that leads to rubbish bins and reduced littering by 46 per cent. Similar green footprints were utilised in railway stations, leading to stairs, however it failed to reduce the use of escalator. Therefore, similar “nudges” may not reap the same result as the choices presented may be context- and objective-dependent.

Could Behavioural Insights work in Malaysia? The speaker believes it could, provided that there are ample avenues for analysis, appropriate designs, proper testing, and

good implementation. He shared that there is a 'Nudging Network' for policy makers and researchers to share ideas.

Issues Raised

- Political will is needed to fight corruption. Anti-corruption institutions should be given more leverage and authority to convict wrongdoers regardless of their position or status.
- An established rule of law or protocol should be followed in the event of disaster or during an emergency situations. In this context, maintaining order and stability rules out the possibility of nudging.
- Reluctance to invest in thorough analysis and early planning will inadvertently flaw the policy and will incur more cost to improve it later. A smart policy is the one that must also include the social and cultural context of the public.
- Resistance to change is always likely. In the example of Bhutan, when establishing its monarchy as the seat of power, transformation was driven from the top and it sought to convince the public of the benefits of such a policy.

About the Speaker

Dr. Emil Bolongaita is Executive Director at Carnegie Mellon University Australia and Distinguished Service Professor of Public Policy and Management. He teaches policy analysis international development, and governance and anti-corruption. He was formerly Unit Head of the Central Asia Regional Economic Corporation at the Asian Development Bank (ADB). He also worked as a Public Management Specialist at the South Asia Department of ADB. Prior to ADB, Dr. Emil was the Technical Director of the Enhancing Government Effectiveness Project of the U.S. Agency for International Development in Washington, D.C. He also previously worked for the World Bank as Director for its Global Distance Learning Program on Governance and Anti-Corruption.

Contact

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