T18P02 / Innovation and Experimentation in the Public Sector: The Experience in Federations

Topic : T18 / Others
Chair : Tracey Arklay (Griffith University)
Second Chair : Robyn Hollander (Griffith University)
Third Chair : Liz van Acker (Griffith University)

GENERAL OBJECTIVES, RESEARCH QUESTIONS AND SCIENTIFIC RELEVANCE

Objectives

Innovation is a frequent catch-cry of governments (Obama 2016, Lee Hsien Loong 2016, Turnbull 2015). Encouraging entrepreneurship has even been viewed as a solution to counter extremism, (Obama, 2016) yet when raised political attention is most often directed to private firms where it is assumed most innovation occurs. This panel proposes to shift the focus from the private sector to exploring public policy innovation in federal settings.

There is an extensive scholarship predicated on the idea that subnational units within federations can act as policy laboratories. This panel provides an opportunity to discuss and examine whether this is so and if there are areas of public policy where this is more likely to occur. While there is some scepticism that states can be truly innovative and overcome their predisposition to rational conservatism (Rose-Ackerman, 1980) public policy scholars know empirically that experimentation occurs. The fact that subnational, national and supranational governments do experiment and do copy from each other raises important questions: including when do they engage in policy experimentation and further under what circumstances and in what ways do they seek to benefit from the experiments of others? Galle and Leahy (2009) attempt to answer these questions from a theoretical perspective. They suggest that advantages can accrue to first movers and point to several factors which contribute to the spread of policy ideas including similarities in context, the availability of policy information and the costs and incentives of copying. The question of interstate learning has an extensive public policy literature which spans a host of policy areas including health (Weissert and Scheller 2008), gaming (Boehmke and Witmer 2004), business regulation (Kerber and Eckard 2007, welfare (Volden 2006) and the environment (Rabe 2007).

Despite considerable differences in methodology, object of study and conceptual framing, this work identifies a range of circumstances and conditions which stimulate federations to act as policy laboratories. The role of local government should not be overlooked. While the literature on the role of local government is less extensive, the study of how local conditions shape policy further supports the value that federalism can provide in developing public policy which suits local circumstances.

This panel provides an opportunity for scholars to discuss the policy innovation success stories, to learn from what was done well (or less well) across different federations and jurisdictions and to contribute to the discussion on how innovation and public policy experimentation can be further developed.

CALL FOR PAPERS

Papers are invited from different perspectives for presentation. The overall objective is to provide a platform and stimulate discussion on key innovation and policy issues, including but not exclusively around Economic policy, Gender issues, Environmental sustainability,

Social policy, Regional and urban policy and Cultural policy

We would welcome the submission of any abstracts that fall within the broad area of public policy, innovation and federalism. We invite participants to share their new ideas, research findings, successes and challenges. We would also welcome any theoretical insights that are relevant to the themes.

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Session 1 Innovation and policy experimentation in federations

Thursday, June 29th 08:15 to 10:15 (Block B 5 - 3)

Discussants

Tracey Arklay (Griffith University)

Liz van Acker (Griffith University)

Innovation in a federal system: the role of States

Tracey Arklay (Griffith University)

Robyn Hollander (Griffith University)

Liz van Acker (Griffith University)

Policies implemented at the state level have recognised benefits. The States, closer to the citizens than federal governments, are assumed to provide greater responsiveness and awareness of the particular needs and requirements of their populations. Through tailoring policies to adjust to these needs it is argued that efficiency can be enhanced through competition between the states as they hunt for new customers, target key stakeholders or seek innovative solutions to entrenched problems. The argument therefore is that State governments can be policy laboratories, testing out new ideas and innovative ways to respond to changing needs and an increasingly complex environment. As individual programs are rolled out and later evaluated it is asserted that jurisdictions learn from their counterparts' mistakes and adapt and redevelop their programs accordingly.

This paper adds to the literature on innovation at the state government level. Australia, like much of the world faces pressures that include increasing change, limited budgets and a cynical citizenry especially in relation to what governments can do to help them in their daily lives. Recognising these constraints, we argue there is room for optimism – a fact recognised in the various Premiers' awards which occur across the states every year recognising high performing programs judged on a number of different criteria such as innovation and leadership.

Innovation has become a frequently heard catch cry of political leaders and at times can appear rhetorical, even faddish. Utilising a case study methodology, this paper examines a state government program that demonstrated innovation in its design, resulted in attitudinal change within the participants, and exemplified collaboration both within and outside of government. The RP20 Burdekin Nitrogen Trial was established in 2011. Utilising scientific data and ongoing collaboration and education, the program convinced targeted sugar cane growers to reduce the amount of nitrogen they had been applying to their soils for close to a century. The benefits not only included cost savings to the farmers participating in the trial, but also has the potential to aid in the recovery of the Great Barrier Reef through the reduction of fertiliser run-off. We detail this case study and supplement it with interviews of those involved in the program to highlight how and what are the conditions that enable states to behave as policy laboratories.

The politics of the emerge of social policy laboratories in Mexico

Anahely Medrano (CONACyT-CentroGeo)

The idea of "laboratories of democracy" is widely known in federal systems, particularly in the United States.

Overall, this idea refers to the ability of states to experiment and innovate in public policy. In Mexico, however, this idea had been practically alien, at least until the beginning of the 2000s. Although Mexico is a federation, which design was actually inspired in the American model, the Mexican political system was very centralized until the 1990s. However, after three decades of decentralization, during the 2000s, some states,

particularly Mexico City, have involved in innovation processes in social policy.

Nevertheless, this topic is still practically unexplored in Mexico. In order to contribute to fulfil this gap in the literature, the objective of this work is to examine the factors that favor the decision of Mexican states to experiment or innovate in social policy, as well as the characteristics of social policy diffusion at state-level in this country. To do so, this work look at the innovation and diffusion process of one path-breaking social program in Mexico: the non-contributory pensions for the elderly (or social pensions). In 2000, the government of Mexico City firstly introduced this social program; and subsequently several states, and even the federal government, implemented their own version of this policy. Hence, this work aims to contribute to answer the following queries: when do states engage in policy experimentation? Under what circumstances and in what ways do they seek to benefit from the experiments of others?

From piloting to policy: lessons from agricultural pilots in India

Sreeja Nair (National University of Singapore)

Designing policy pilots is an important form of experimentation undertaken by policymakers allowing major government policies and programmes to be pre-tested before launching these fully, and at a wider scale. Effective policy pilots could be continued or expanded via replication of the pilot or scaled-up into full policies. While policy piloting is acknowledged in theory as a promising means to innovate and introduce variation in policy responses under conditions of risk and uncertainty in the policy environment, the empirical evidence on the policy change brought about by these pilots and the processes of their diffusion in practice is rather inconclusive. The key research question under investigation was whether design characteristics of policy pilots can explain variations in their scaling-up?

To investigate the research question a case-study approach is followed to compare key design features of fourteen agriculture policy pilots launched to address risks and uncertainties to agriculture production in India. Following a model of policy change set out by Cashore and Howlett (2007), changes brought by pilots to the ends (goals) and means (instruments) of an incumbent policy regime are studied as causal conditions for scaling-up of the pilots. Globally, India ranks among the lowest in terms of yields from rainfed agriculture despite having the largest land area under rainfed agriculture. The Indian agricultural policy landscape has been interspersed with pilots to address risks to agriculture production, especially in rainfed areas. A combination of Qualitative Comparative Analysis (QCA) and Process Tracing was deployed as part of the research design. QCA was conducted to identify combinations of design features of the pilots that were found to link to scaling up as an outcome, while Process Tracing revealed the underlying causal mechanisms related to typical and deviant cases of scaling-up. The study revealed that despite the theoretical acknowledgment as an approach that can enable risk- taking and experiment with policy alternatives under uncertainty, in practice the operational contribution of pilots were found to be limited to acting as avenues for periodically updating existing policies and programmes through marginal changes to their current scope.

Innovation in Policy-making in India: A Multi Case Study Analysis

Devasheesh Mathur (International Management Institute)

Bureaucracy inherently carries creative inertia for any change-big or small. Weberian bureaucracy is best suited to perform routine work and not to think outside the box. Innovation and bureaucracy are supposedly mutually exclusive. Growing inequalities pose a huge challenge to the change-resistant and status-quoist bureaucracy. Incrementalism and muddling through is hardly sufficient for progress and alleviating disenfranchised citizens. This reflects that policy making, especially in the developing world urgently needs innovation. However, bureaucracy is ill-equipped to usher in big reforms and innovate due to various reasons ranging from structural issues, vested interests of various elite stakeholders, absence of lateral entries from industry, negligible association with academia and so on. Innovation in policy making has not been much focused on in India. Policy-making as an exercise exhibits incrementalism. However, big changes happen every now and then, which are termed as policy innovations. The paper looks to explore and describe how innovation in policy-making happens in India. The objective is to determine the precursors as well as the enablers of innovation in policy-making. An effort has also been made to discover disabling factors too by looking at failed innovations within the research design. The author has followed a multi-case

study analysis following a Grounded Theory approach as posited by Barney Glaser to develop a preliminary model to create a framework which would help explain how successful innovation happens. This might assist policymakers to innovate in social policies. The author took in-depth interviews of policy experts and bureaucrats who have been involved in an innovative policy. This allowed the author to come up with the conditions of successful diffusion of an innovative policy. The recommendations for creating suitable institutional arrangements and also a strategy for successfully diffusing the innovation are made in the paper.

Smart contracts – a threat or an opportunity for the global economies?

Aleksandra Lisicka (1. University of Oxford; 2. Wardynski & Partners law firm)

Topic: Smart contracts – a threat or an opportunity for the global economies?

Central Research Question: This paper answers the question, why regulation of smart contracts and DAOs may be beneficial for the states, how should the governments design laws concerning smart contracts and DAOs, and what are the current international developments in this subject.

Significance of the Question:

Since 1994, when computer scientist Nick Shabo created the term "smart contracts", blockchain technology, on which they are based, has dramatically developed. Smart contracts are already widely used in financial infrastructure and in digital business. The reasons behind that are: smart contracts' accuracy, safety (due to cryptography), autonomy and speed. As for now, there are four blockchains that allow to proceed with smart contracts: Ethereum, NXT, Side Chains and Bitcoin.

The topic of this paper addresses an essential issue of smart contracts' regulations that should be implemented by the incumbent governments. Despite a growing use of smart contracts in several key sectors, like: health, management, real estate, insurance, and even music industry – governments are still rather reluctant to rely on the blockchain technology, smart contracts and DAOs.

After the brief explanation of how smart contracts work and what are DAOs, this analysis continues with study of the issue of state elections and referendums. Thanks to smart contracts, there would probably be higher turnout rate as well as better ledger-protected system of voting. Also, it would be extremely difficult to falsify voting. Another positive aspects of introducing smart contracts for the governments' use, would be: certainty of public registries and data encrypted in them, better control of the public spending, protection of the critical infrastructure and easier collections of taxes.

This article will argue that lawmakers should draft regulations concerning smart contracts, DAOs and blockchain technology as quickly as possible. It is understandable, that technology is moving ahead of bureaucratic states. However, there are legal solutions that legislators could easily introduce now. The most burning issue is the lack of legal personality of the DAOs, lack of capacity to sue and to be sued by anonymous users of the network, jurisdiction of the courts and proper legal forum to solve any arising disputes. Last, but not least, governments should invent legislation related to tax law and criminal law – so far, users of blockchain and DAOs are unchastised. It is also unclear, whether to pay taxes for blockchain transactions and what are the consequences in criminal law of misconduct in blockchain technology.

The analysis contains examples of states that have already addressed the issue of smart contracts and DAOs regulations, inter alia: Sweden, the United Kingdom and Poland.

Methodology:

This study is theoretical. It examines legislative reports: project called "The stream of Blockchain and Cryptocurrencies" prepared by the Ministry of Digital Affairs in Poland, report prepared for the UK government "Distributed Ledger Technology: beyond blockchain"; reports prepared by the top consulting companies: PwC, Deloitte, McKinsey; report prepared by the World Economic Forum; legal documents and scientific articles.