

NGI101x - Public values in infrastructures: Part 2

Welcome back.

In an earlier lecture Professor De Bruijn talked about securing public values in infrastructure sectors. With a trend towards deregulation, liberalization, and privatization, it was obvious that public values had to be secured.

Here we want to have a closer look into

- The process through which public values are defined,
- How they are secured in specific institutions, and
- The role of different actors in that process.

We will look at the various steps are designed to and how the process works in reality. This gives us an overview of the role of the different actors and the pitfalls and bottlenecks to be expected.

As you are following this MOOC, you probably have or are aspiring to a role in one of these roles in infrastructures. Or you are just an interested because of the news you are confronted with about infrastructure.

Let's have a look at this news item.

The adventures of HS2. Episode one: the great train robbery. One day Billy, Pat and bob were minding their own engines when HS2 terminated in front of them. This is a dead end mate, said bob. I know, I'm hiding, said HS2. What are you hiding from? Asked Pat. From the facts, said HS2. Well what sort of facts are you hiding from HS2? Asked Billy. The treasury said I will be 73 billion pounds, or even more! That's like one hundred millennium domes, said Pat. Bloody hell, said Bob. Swearing, even though we knew it wasn't allowed on children's TV. But won't you serve an entire crowd and all? Said Billy. But you save 35 minutes from London to Birmingham! Said Bob. After spending tens of billions of pounds I'll actually save only twenty minutes. That's criminal! Said Bob. Camden will be a building site for eight years! Said HS2. I bought myself some trousers on a market once, said Pat. Rather unexpected of me. I will ruin 34 ancient woodlands, destroy 300 miles of head roads, devastate communities and destroy unique wildlife habitats. That's bunkers, said Billy. The only single diversion I make is around the most affluent parts of George Osborn's constituency, at an additional cost of its tax payers of six hundred million pounds. Said HS2 with a wink. The engines were fuming, the case for HS2 was so depressing it made them all want to throw themselves under a passing train. You can't hide from the facts any longer, said Billy. Oh I nearly forgot! Eight billion pounds will be caught from existing rail services and stations across the country, including wake field, just to pay for me. Bullocks say that, said Bob. As the engines made it clear they wanted to shove HS2 right up the junction.

In the video you see a lobby group counter the public values the UK government is claiming for the High Speed Railway line 2: triggering investment and improving mobility with a clean mode of transport. The lobbyist claim ineffective use of government money and environmental damage. It shows the variety of public values that people are looking at when evaluating public values.

Let's look at this discussion from the perspective of public values.

So, what are public values anyway? Public values are those values that governments have adopted to secure.

To answer whether or not a value is a possible public value can be addressed in various ways. On the one hand there is normative theory. Economist like Baumol tend to limit the role of government to specific situations of market failure, through mechanisms that drive out informed competition.

Policy scientist like Bozeman and Beck Jorgenson focus list and categorizing typical public values. Let look at it empirically. It makes sense that any value secured through a formal governmental decision making process, is a public value. So, when in democratic countries parliament decides that all trains should have toilets or busses should be burgundy red because of improved quality, this is a de facto public value.

Obviously, it all starts with the moment that governments become concerned with these values.

Let's look at it closer how in concept the steps in that process look in a democratic society.

Let's look at step one: Advocacy. This is step between the voting citizen and the legislature. In that democratic society, the voters can put values on the agenda, they want secured. Parties or representatives are expected to pick up on these issues. There is abundant normative theory on how that democratic process should run. Elections are the key moments in which voters are expressing their view on what important values are for their society. Periodic elections would make for a limited shift in the valuation of different public values. However, in reality, the democratic process is much more dynamic. When a train accident occurs, the legislature is concerned about railway safety, often inducing further regulation of that value. In this process the media plays an important role. It sets the agenda of legislative branches, parliaments and representative bodies in all shapes and forms between the elections

Let's move to step two where policies are developed. Legislators work in formal decision-making with executive branch (ministers and secretaries) to deal with specific public values. In the interactions between the legislature and the executive, public values often are dealt with separately, as feel good concepts. Who could oppose privacy, safety, punctuality, accessibility, reliability, etc? We'll see in later steps how this can be problematic.

In normative theory, these entities are an instrument for their task. Their role is to translate the broadly formulated feel-good-concepts into more focused instruments for intervention.

In reality less productive mechanisms are at play. We see the politics of bureaucracy in action, organizations struggling for budgets, legitimation and influence. We see goal displacement, where the original intent for the agency is substituted by the agency drawing its own course.

In the third step agencies go to work, based on the policies. The general justice system, specific regulators of sectors, markets or specific public values like safety, they all oversee providers of infrastructure related services. They direct and measure the performance of the providers on a specific set of parameters related to public values and develop positive and negative incentives to secure the public values in the management and operation of the providers. Market regulators look at competition disturbing behavior, safety inspectorates at potentially dangerous operations.

Regulation of providers has proven hard. Providers know their infrastructure systems much better than their overseeing regulators. They can use that information to their strategic advantage.

The last step is delivery: providers offer their service to the consumer. This is where the provider has to make good on the promise of the feel-good-concepts, as discussed earlier in this circular chain. This is also where the trade-offs become most apparent. A railway operator has to be punctual, safe, cheap, clean, quick, all at the same time.

Obviously this is a simplification. The “department” and “provider” sectors of the circle are layered in themselves. The executive department consists of bureaucratic entities, from the ministry or department to other agencies like inspectorates and quango’s, police and justice, transport authorities and telecommunication regulators. Some of these agencies are related to a specific public value, like privacy, safety or market watchdogs. Some have broader tasks, like a department.

Also providers are layered and multifaceted. In many infrastructures we see a distinction between providers of infrastructure capacity (network manager) and providers of a transport service (transport operators). In infrastructure manager and transport providers often are different entities in different geographical levels and areas.

What happens to public values through this circle?

First of all, the feel-good-concepts are translated to more operational measures of performance. In that process they become sharper instruments for intervention, but also more narrow. This allows for strategic behavior of the provider, possibly missing the original intent, and sometimes developed without regard for the operational complexity. Punctuality makes sense as a feel-good- concept. But to secure it the department has to secure it through operationalization: for example the percentage of busses departing within three

minutes of the scheduled departure time, with a penalty when the percentage is below 90 percent.

Now the provider of bus services can cancel bus services that are running late, to reach the performance threshold and avoid the penalty. Or the operational speed might be reduced to meet the punctuality demands, or the providing operator might be penalized because of growing congestion.

It shows how important a good operationalization is, and how hard it can be to find the right measure.

Second, the separate values go separate paths, from adoption as separate feel-good-concepts in parliament, through laws, agencies, contracts, licenses, and the management of the provider. Eventually, in the operation of the provider, all public values have to be delivered upon: the services have to be safe, clean, accessible, reliable, affordable, and much more. All the interventions aimed to secure separate public values come together in the way that the trains are run, the servers are set up, the water is delivered, the sewerage it disposed off. Providers are coping with various conflicting interventions, if only in the way that the provider is spending its limited funds to comply. Often the conflicts are more direct, for example the demands on availability and speed in public transport. Stopping the bus a lot improves availability but harms operational speed. So, the different paths of various public values all come together in the operation of the provider. This adds to the technical and operational existing complexity that the provision of the service.

Third, public values are secured in laws, secured through agencies, defined in contracts, concessions or licenses. Various public values have found a specific institutional form in which it is secured, in a relatively stable system. The reality of performance of infrastructures leads to constant attention for different public values and subsequent tinkering on these institutions.

A lot happens to public values from the feel-good-concept to the operation of the provider. Often this leads to the outcomes being hard to recognize from the perspective of the original intent. Often consumers feel a disconnect from the promises made in the early stages of the circle.

In this module we looked at public values in a bit more detail. Securing public values is done in various types of institutions,

Public values in the public debate are often feel-good-concepts, with a great deal of current debate on separate values and the attention they need to get,

Public values go to a transformation process from that feel-good-concept to explicit measure of performance.

In operation, many of these measures of performance condition the operation and might conflict.

If you are of will be working in one of the mentioned roles, I hope the overview provided here helps you understand the fragmentation of securing public values in infrastructure sectors better. And I hope it helps you to have a more integrated perspective on the process and will lead to better results.