



PUBLIC POLICY FAILURES AND FIASCOS: A BRIEF UNDERSTANDING OF THE CAUSES AND CONSEQUENCES OF THE HIGH IMPACT ON LOW-INCOME COMMUNITIES

HORVÁTH, ANETT¹

ABSTRACT

The concepts of public policy failure and fiasco are often used in political discourse to describe the ineffectiveness of a particular policy, program or measure. Public policy failures are not only the absence of expected results, but often also highlight deeper social, economic or political problems. These failures can be due to a variety of reasons, including design flaws, weaknesses in implementation, lack of resources or even a lack of political will. This text explores the different dimensions of public policy failures, demonstrating how mistakes in policy design and implementation can have significant social, economic and political consequences.

KEYWORDS Public policy failure, low-income communities, social and economic impact, poverty and inequality, policy implementation

1. Introduction

The concepts of public policy failure and fiasco are often used in political discourse to describe the ineffectiveness of a particular policy, programme or measure. Public policy failures are not only the lack of expected results, but often also highlight deeper social, economic or political problems. These failures can be due to a variety of reasons, including design flaws, weaknesses in implementation, lack of resources or even a lack of political will. This text explores the different dimensions of public policy failures, showing how shortcomings in policy design and implementation can have significant social, economic and political consequences. Public policy failures and fiascos can have a profound and lasting impact on society and often have unintended consequences that harm the very populations they are intended to serve.

¹ Senior Lecturer, Ludovika University of Public Service, Faculty of Public Governance and International Studies, Budapest, Hungary.

2. Public policy failure

The causes of public policy failures can be many and varied. Among them, the following are worth highlighting (Brändström & Kuipers, 2003):

- Design failures – Many public policies do not consider the real social and economic context. The use of inappropriate or outdated data and the failure to consider local specificities are common causes of failure.
- Weaknesses in implementation – Even well-designed policies can fail if they are poorly implemented. This can be caused by a lack of administrative capacity, bureaucratic obstacles or a lack of support at local level.
- Lack of resources – The financial resources needed for public policies are often limited. A lack of funding can hamper the implementation of programmes and ultimately the achievement of their objectives.
- Lack of political will – A lack of political will is often behind public policy failures. If decision-makers are not committed to policy implementation, the necessary resources and support will not be available.
- Social opposition – Public policies often face opposition from society, especially if they do not reflect the needs or values of the community. Without the involvement of the groups concerned, policies cannot succeed.

3. The impact of public policy failures

Public policy failures not only affect the reputation of policymakers but can also have wider societal consequences. Failures can erode public trust in government institutions and contribute to political apathy (Gajdushek & Hajnal, 2023). Long-term consequences include increased social tensions, radicalisation and political polarisation. The most visible examples of public policy fiascos include “anti-poverty” programmes, which often fail to achieve the desired results. In many cases, these programmes have failed to make a lasting difference in reducing poverty by failing to address the root causes of the problems, such as a lack of jobs or access to education.

Another example is “green energy” programmes, which aim to reduce the use of fossil fuels. In many cases, plans were not sufficiently developed, and the deployment of renewable energy sources did not progress as planned, leading to a failure to meet environmental targets.

Public policy failures and fiascos can have a significant economic impact on low-income communities, often exacerbating existing inequalities and hindering opportunities for growth and development. The economic impacts of public

policy failures on low-income communities can be further explored through different dimensions, highlighting specific mechanisms and illustrated with examples (‘t Hart, 1996).

3.1. *Rising poverty levels*

- Job losses – Poorly designed economic policies can lead to job losses or reduced job opportunities (Ferencz, 2021), which can push more individuals in low-income communities into poverty. Policies that do not encourage job creation or that inadvertently lead to job destruction (e.g. through excessive regulation or poorly designed trade agreements) can make it more difficult for low-income communities to recover economically. For example, the loss of manufacturing jobs in regions that relied heavily on these industries due to globalization and inappropriate adjustment policies has led to increased poverty.
- Welfare dependency – Misguided welfare policies can inadvertently encourage dependency rather than empower people, leading to a cycle of poverty that is difficult to break out of. For example, overly strict eligibility criteria for benefits can leave many people without the support they need.
- Income inequalities – Failures in social welfare policies may result in inadequate support, which can widen the income gap between low-income families and more affluent households.

3.2. *Reduced access to basic services*

Health policy failures, such as inadequate funding for public health programmes, can limit access to essential health services, resulting in increased health care costs for low-income families. Ineffective education policies can lead to underfunded schools in low-income areas, resulting in lower educational attainment and fewer job opportunities. Underfunding of public schools, especially in low-income areas, can lead to overcrowded classrooms, inadequate resources, and lower educational outcomes. In many cities in the United States, disparities between schools in affluent areas and schools in low-income neighbourhoods are striking.

3.3. *Economic disintegration*

If policies do not support small businesses, especially in low-income neighbourhoods, this can lead to closures and a lack of economic activity, which deepens poverty. Inadequate public investment in infrastructure can discourage businesses from operating in low-income areas, leading to fewer jobs and services. If local governments fail to create a favourable environment for small businesses – for example, due to high taxes, lack of infrastructure, or

inadequate support services – businesses may close or choose not to open in low-income areas. This can lead to so-called food deserts, where residents have no access to fresh food, exacerbating health and economic problems. Lack of investment in community development programmes stifles economic growth. For example, in areas where there are no subsidies for public transportation, residents have difficulty getting to jobs, limiting their economic mobility.

3.4. Housing instability

Housing policy failures can result in a lack of affordable housing options, leading to increased homelessness and housing instability among low-income families. Regarding gentrification, without protection for existing residents, policies that encourage gentrification can lead to the displacement of low-income families. Policies that do not address the shortage of affordable housing or that promote market-driven approaches can lead to rising rents. This phenomenon is evident in many cities experiencing gentrification, where long-time residents are being pushed out of their neighbourhoods by new developments targeting wealthier residents. Ineffective policies to address homelessness can lead to an increase in the number of individuals and families living on the streets. In cities where adequate shelter and support services are not provided, visible homelessness can increase, affecting community morale and safety.

3.5. Increased vulnerability to economic shocks

Poorly designed welfare policies leave low-income communities vulnerable to economic downturns, making it difficult for families to recover from job losses or unexpected expenses. Economic policies that do not address barriers to accessing credit can prevent individuals in low-income communities from borrowing for education, homeownership, or business ventures. Low-income communities often lack the financial reserves needed to withstand economic shocks, such as sudden job loss or a health crisis. The COVID-19 pandemic, for example, highlighted this vulnerability, as low-income workers were often in precarious employment situations, leading to immediate financial hardship. Policies that do not provide adequate emergency resources (such as unemployment benefits or food aid) can exacerbate the effects of an economic downturn. In times of economic crisis, low-income families often face serious consequences due to not receiving sufficient support.

3.6. Social unrest and economic instability

Economic instability resulting from policy failures can lead to higher crime rates, further hampering investment and economic growth in low-income areas. The failure of policies to address the needs of low-income communities can lead to frustration and disengagement from civic processes, ultimately affecting

community cohesion and economic cooperation. Economic inequalities and frustrations can lead to social unrest, as seen in protests against systemic inequalities in various cities. If policies do not address the needs of low-income residents, they can foment resentment and lead to civil unrest, creating an unstable environment that discourages investment. Continued policy failures can lead to a cycle of decline, with businesses leaving, jobs disappearing, and the economic fabric of the community deteriorating. This is particularly evident in regions where there has been long-term underinvestment and neglect.

3.7. Policy recommendations for improvement

Several policy recommendations should be considered to mitigate these negative impacts:

- **Inclusive policymaking:** involving community members in the policymaking process ensures that the needs of low-income populations are addressed.
- **Investment in education and training:** policies that ensure access to quality education and training can improve employment prospects for low-income individuals, which can lead to upward mobility.
- **Affordable housing initiatives:** implementing policies that promote the construction of affordable housing and provide protection from displacement can help to stabilize low-income communities.
- **Economic diversification:** encouraging economic diversification in low-income areas can make them more resilient to shocks by broadening the job base.

3.8. Conclusion

The economic impacts of public policy failures on low-income communities are profound and multifaceted. By exacerbating poverty, limiting access to basic services and discouraging investment, these failures create a cycle of disadvantage that is difficult to break. Tackling these problems requires a focus on inclusive and equitable policymaking that prioritises the needs of vulnerable groups to promote economic stability and growth. The economic impacts of public policy failures on low-income communities highlight the critical need for thoughtful, inclusive and adaptive policymaking that recognizes the unique challenges faced by these communities. By addressing the root causes of economic disenfranchisement and investing in sustainable solutions, policymakers can help promote stability, growth and equity. One of the most effective ways to avoid public policy failures is to promote participatory policies. Involving affected communities in decision-making processes can help ensure

that policies better reflect local needs and increase support for programmes. Ongoing monitoring and evaluation is also crucial. Regular evaluation of the effectiveness of policy measures will allow necessary corrections to be made and help lessons learned to be incorporated into future policies (Argyrous, 2009).

4. Summary

Public policy failures and fiascos are complex phenomena deeply rooted in political, economic and social structures (Bell & Hindmoor, 2012). Taking account of realities, involving stakeholders and continuously evaluating and learning are essential for effective public policy design and implementation. This is the only way to achieve the desired societal goals and reduce the risk of failure.

Public policy fiascos and anti-poverty programmes are often complex problems that depend on various social and economic factors.

- a) Grants and benefits: in many countries, different types of support schemes are in place to fight poverty, such as cash benefits, food aid or housing subsidies. These schemes often fail to have the desired impact, however, if they do not target those in need properly or if they are overly bureaucratic.
- b) Education programmes: for example, the Head Start programme in the United States focuses on early childhood education to help disadvantaged children. However, the effectiveness of the programme varies, and, in many cases, it does not provide the resources needed for sustained success.
- c) Job creation schemes: job creation schemes, such as public works, sometimes do not provide a sustainable solution, as the jobs are often low paid and do not provide a long-term future for the participants.
- d) Social enterprises: in some countries, social enterprises are established to reduce poverty and provide sustainable solutions. For example, the Grameen Bank model, which provides micro-loans to help people living in poverty, also faces challenges such as repayment rates and project sustainability.
- e) Community programmes: some programmes seek to tackle poverty problems by involving local communities. However, if community participation is insufficient or if local needs are not taken into account, these initiatives can fail.

These examples show that the fight against poverty is a complex and often difficult task that requires well-designed and targeted public policies.

References

- [1] 't Hart, P. (1996). *Understanding policy fiascoes* (1st ed.). Routledge. <https://doi.org/10.4324/9781351293242>
- [2] Argyrous, G. (Ed.). (2009). *Evidence for policy and decision-making: A practical guide*. University of New South Wales Press.
- [3] Bell, S., & Hindmoor, A. (2012). *Rethinking governance: The centrality of the state in modern society*. Cambridge University Press. <https://doi.org/10.1017/CBO9780511814617>
- [4] Brändström, A., & Kuipers, S. (2003). From 'Normal Incidents' to Political Crises: Understanding the Selective Politicization of Policy Failures. *Government and Opposition*, 38(3), 279–305. <https://doi.org/10.1111/1477-7053.t01-1-00016>
- [5] Ferencz, J. (2021). Economics and economics research: General issues in the impact assessment of labour law regulation. In Bieś-Srokosz, P. (Ed.), *Current legislative problems in Central and Eastern European countries* (pp. 55–63). Jan Długosz University in Częstochowa.
- [6] Gajduscsek, Gy., & Hajnal, Gy. (2023). *Közpolitika: A gyakorlat elmélete és az elmélet gyakorlata* (2., átdolg. kiad.). ORAC.