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Rhetoric and doctrines of policy over- and underreactions in times of crisis

Moshe Maor, moshe.maor@mail.huji.ac.il
Hebrew University of Jerusalem, Israel

This article distinguishes between disproportionate policy response by error (bounded rationality) and disproportionate response by choice, and advances a further distinction of such choices between two disproportionate policy options, namely, rhetoric and doctrine. Probing the 'plausibility' of these terms, the article presents pertinent illustrations drawn from the military, financial and environmental domains in the US, Britain, Israel, Australia, Singapore and the European Union. These illustrations show that, during pre-crisis and in-crisis periods, both options can be purposefully designed to signal policymakers' preference and/or to deliver the disproportionate responses in pursuit of policy goals.

key words disproportionate policy response • policy design • crisis • overreaction
• underreaction

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Introduction

Studying political and policy dynamics provides considerable insight into the process by which policy responses oscillate between periods of underreaction to the flow of information coming from the environment into the system and overreaction to it due to disproportionate information processing (Jones and Baumgartner, 2005). This oscillation may be derived from a vivid event that symbolises everything that is wrong (Birkland, 1997) or from an accumulation of problems over a longer period (Jones and Baumgartner, 2012). This article shares Jones and Baumgartner's (2005) insight that disproportionate policy response deserves academic attention because policy oscillation is the norm rather than the rarity. However, it challenges their claim that such response is always unintentional by distinguishing between two disproportionate policy options, namely, rhetoric and doctrine, and by demonstrating that, at times, both options can be purposefully designed to signal policymakers' preference for over- or underreaction and/or to actually deliver the disproportionate responses in pursuit of policy goals.

Disproportionate policy response is understood to be a lack of 'fit' or balance between the costs of a public policy and the benefits that are derived from this policy, and/or

between a policy's ends and means. This article explores the repertoire of *disproportionate policy options* – that is, the policy options which are disproportionate by definition (that is, there is a lack of 'fit' between expected policy costs and benefits and/or between policy ends and means); are perceived by policymakers to be disproportionate; or are grounded in the language of disproportionality, for example, as a form of drama (for example, Hilgartner, 2000). The article builds on the approach that views policy design as policy content (Schneider and Ingram, 1997; see also Stone, 2002) to conceptualise these two disproportionate policy options, and to bring to the fore the need faced by policymakers who wish to over- or underreact to balance between rhetoric and doctrine when designing disproportionate policy responses. The article examines these options along two dimensions: their emphasis on policy effectiveness or cost considerations (that is, whether they present an 'all or nothing' policy commitment to be achieved no matter what the costs are, or whether they are conditional, based primarily on policy costs), and their stable or fluid nature (that is, whether they are doctrines which embody a coherent set of stable principles, or rhetorical statements that embrace the fluid situations of policy life). The arguments advanced are that policymakers wishing to decisively and swiftly end a real or manufactured crisis, especially one that involves panic and popular fears, may use policy overreaction doctrines and rhetoric. In contrast, policymakers wishing to respond to uncertain risk projections in a way that creates net social benefits under all future risk projections, with no or low costs and committed resources, and does not involve hard trade-offs with other policy objectives, may use policy underreaction doctrines and rhetoric. These policy options may be off-the-shelf policy alternatives developed during a pre-crisis period, or specially designed during a crisis. These arguments are illustrated in the military, financial and environmental domains in an attempt to establish that apparent empirical instances of the terms advanced here can be found. In the military domain, the policy overreaction doctrines illustrated are the Powell/Weinberger Doctrine, which has been implemented by the United States in Operation Desert Storm in Kuwait, and the Dahiyah Doctrine, which has been implemented by Israel in Operation Cast Lead in Gaza. In the financial domain, the policy overreaction doctrine illustrated is Bagehot's (1873) rule, which states that to end a financial crisis, the central bank should lend freely, at a high rate, and on good collateral. This doctrine has been implemented during the US banking crisis of 2007–08. In the environmental domain, the article looks at an example of policy underreaction doctrine: the no/low regret strategy in climate change adaptation adopted by the British government in response to global warming during the period 2008–13, and, more specifically, to the derived risk of floods. The policy over- and underreaction rhetoric illustrated here are statements and speeches drawn from the Euro crisis which erupted in early 2010; the conflict in Gaza between Israel and the Palestinians in 2016, and climate change adaptation in Australia in 1990 and Singapore in 2014.

The article offers a number of important contributions to current research. First, it opens a window to the repertoire of policy options which are disproportionate by choice and not by error (bounded rationality). Second, the article suggests that the literature on policy design, which focuses on formulation issues (for example, Hood, 1986; Howlett, 2011), should incorporate the study of disproportionate policy options alongside its current focus on proportionate policy options. It contributes to this literature, moreover, by demonstrating the political and psychological underpinning of the formulation of disproportionate policy options, especially in times of real

or manufactured crisis involving panic and public fear. The article also facilitates a conversation about the conditions under which a successful policy (design) may require a disproportionate use of a policy tool. Third, by focusing on policy over- and underreaction options, the article continues prior efforts to construct a common language to be used in empirical and conceptual studies of disproportionate policy response (Maor, 2012; 2014a; 2014b; 2016a; 2016b; forthcoming a, b, c) and to support scholars and practitioners who are interested in better understanding this type of policy response. Ultimately, the goal is the accumulation of useful knowledge and the enhancement of broader public understanding of such policy responses.

The article is organised as follows: the first section introduces the relevant literature, the second defines the terms examined here, the third illustrates policy overreaction doctrines in military domains, the fourth describes a policy overreaction doctrine in a financial domain, the fifth describes a policy underreaction doctrine in the area of climate change adaptation, especially in the case of floods preparedness, and the sixth describes policy under- and overreaction rhetoric. The seventh section concludes by providing directions for future research.

Literature review

The scientific study of disproportionate policy response and its two anchor concepts – namely, policy over- and underreaction – is fairly nascent and has only recently been the subject of full-length texts. *Policy overreactions* ‘are policies that impose objective and/or perceived social costs without producing offsetting objective and/or perceived benefits’ (Maor, 2012, 235). These costs and benefits may be incurred by policymakers, target populations and/or the general public, depending on the perspective taken by the researcher. One manifestation of policy overreaction is policy overinvestment, which occurs ‘when government overinvests in a single policy instrument beyond its instrumental value in achieving a policy goal’ (Jones et al, 2014, 149). *Policy underreactions* are ‘systematically slow and/or insufficient response by policymakers to increased risk or opportunity, or no response at all’ (Maor, 2014a, 426). In other words, a policy underreaction is ‘a policy whose actual net utility... is smaller than a counterfactual net utility’ (Maor, 2014a, 428). One type of policy underreaction, policy underinvestment, occurs when policymakers underinvest in a single policy instrument below its instrumental value in achieving a policy goal (adapted from Jones et al, 2014).

Although the aforementioned concepts have not been studied much before, references to these and related terms have been made. Studies on British government, for example, have claimed that governments over-respond to crises and create policy disasters (Butler et al, 1994; Moran, 2003; Dunleavy, 1995; Hood, 1994; Finer, 1975). Hogwood and Peters (1985) have devised the terms over-steering, which refers to ‘moving back past the correct path to another set of mistakes in the opposite direction’ (p 83); over-targeting, which refers to ‘[t]he use of as many instruments as there are objectives’ (p 167), and over-instrumenting, which refers to a case in which ‘many instruments all target the same client group or objective’ (pp 167–8). Howlett and Kimmerling (2016) have referred to under-design, which occurs when sub-optimal designs are adopted, and the reverse, over-design, which emerges when ‘resources are wasted in ‘over-engineering’ a design vis-à-vis the significance of the problem’ (p 5). At a more general level, policy over- and underreaction have been treated as policy

mistakes. For example, US presidents' foreign policy mistakes have been categorised as 'too much' policy, which occurs following a mistake of commission in the diagnosis stage of decision-making, or as policy that is implemented 'too soon', which is the result of a mistake of omission in the prescription stage of decision-making (Walker and Malici, 2011).

Scholars were first exposed to the idea of over- and underreaction in policy processes when the punctuated equilibrium theory emerged, and the policy oscillation argument developed (Jones, 2001; Jones and Baumgartner, 2005). Scholars were further exposed to the basic theoretical foundations for the study of disproportionate policy response when Maor (2012; 2014a) highlighted the multifaceted nature of policy over- and underreaction and conceptualised the dynamics of underreaction and overreaction by linking them to evaluations of risk and overconfidence by policymakers. As with the previous work on the subject, these studies viewed policy over- and underreactions as unintentional actions, derived from emotions and disproportionate information processing (for example, Jones and Baumgartner, 2005), cognitive biases and misperceptions (for example, Walker and Malici, 2011; Maor 2012; 2014a), or flawed decision-making processes such as Groupthink (Janis, 1982) and Polythink (Mintz and Wayne, 2016). Further studies have captured the notion of sustained overreaction or overinvestment in a policy in the concept of policy bubbles (Jones et al, 2014; Maor, 2014b; 2016c), and the notion of sustained policy underreaction or underinvestment in the concept of negative policy bubbles (Maor, 2016a).

More recent research has explored the role that policy entrepreneurs can play in policy valuation processes that result in whether policy problems and/or solutions are over- or undervalued, thereby fuelling demand by the general public and/or policymakers for more or less policy regardless of whether the policy is effective or not. Maor and Gross (2015), for example, have elaborated on the role of emotional entrepreneurs, defined as 'individual and collective actors that attempt to advance a political and/or policy agenda by regulating expected or actual emotions generated during political and policy processes' (p 4). And Maor (forthcoming c) has demonstrated the role of moral entrepreneurs, meaning entrepreneurs, standards and performance metrics entrepreneurs, and reputational entrepreneurs in policy valuation processes.

Against the backdrop of these promising conceptual developments, the next section examines disproportionate policy options that are available for policymakers who wish to deliberately over- or underreact and/or to communicate such policy intentions to target populations.

Disproportionate policy options: the definitional ground

In the run-up to a potential crisis and during a crisis requiring drastic measures, a window of opportunity (Kingdon, 1984) is opened for a strategic decision of whether to act proportionately, or to underreact or overreact. Crises are treated here 'as extended periods of high threat, high uncertainty, and high politics that [significantly] disrupt a wide range of social, political, and organizational processes' (Boin and 't Hart, 2003, 3). In such times, the balance between order and other values (such as freedom) shifts to a considerable degree in favour of order – that is, the government's ability to deal with the threats to the national well-being (Gross, 2011) and to 'bring things back to normal' (Boin and 't Hart, 2003, 3). Furthermore, traditional systems of checks and balances may break down, and politicians – even those usually ideologically

opposed – mobilise in support of a drastic action (Gross, 2011). Crises may also be manufactured by policymakers: ‘Policymakers...[may be] frightened or...[may] seek to frighten others – insisting that the impending dangers are so ominous that unless extraordinary measures are taken immediately, a catastrophe may occur’ (Higgs, 2010, 545). Crises may also be exploited (Boin et al, 2009).

A policy decision is strategic when a government or an equivalent authority takes a calculated decision to act in order to advance long-term goals. In the process of policy design, policymakers face multiple domestic and/or international target populations with conflicting expectations (for example, Stone, 2002). Policy design is therefore first and foremost about managing expectations, which are deeply influenced by already existing policies (Rose and Davies, 1994). How can policymakers convince a particular target population that they are serious in their intentions to resolve a policy problem if existing policies suggest that the government is weak or irresolute? In cases when risk projections are ambiguous and the costs of risk mitigation are relatively high, how can policymakers act (so they are not later blamed for inaction), yet minimise the chance of regret if the risk does not materialise?

In the following subsections, we explore the differences between two disproportionate policy options: doctrine and rhetoric. A policy doctrine refers to a coherent set of policy principles. A small set of critical dimensions underlie the complexity of policy doctrines. These dimensions include the motivation for the intended policy, the principles that drive the intended policy response, the content of the policy option insofar as the intended use of government force is concerned, the amount of committed resources required to affect the relevant target groups, the self-imposed constraints incorporated in the doctrine, as well as the means to bolster the public visibility of these constraints and the visibility of the use of government force (Maor forthcoming a). Policy rhetoric, a sub-set of a policy doctrine, refers to arguments that policymakers employ to reach and persuade the target populations regarding their commitment to achieve their policy goals. Schön and Rein (1994) theorised two sorts of framing processes at play in such situations: rhetorical frames, featuring the persuasive use of story and argument in policy debate, and action frames, which more directly inform policy programmes. Policy rhetoric includes both the explicit language (read, rhetorical frames) employed by policymakers wishing to communicate their policy intentions to target populations, and the action frames which are implicit (Schön and Rein, 1994, 32) in each of the aforementioned dimensions that underlie the complexity of policy doctrines. Attention now turns to the elaboration of the distinction between two disproportionate policy options.

Policy overreaction doctrine

Policy overreaction doctrine refers to a coherent set of policy principles which presents an ‘all or nothing’ policy commitment in pursuit of a policy goal no matter what the costs are. At the heart of a policy overreaction doctrine lie principles for the use of overwhelming government force in order to achieve a decisive and quick policy outcome in a particular policy domain. ‘Overwhelming force’ is understood to be ‘a credibly large amount of committed resources available to use with discretion during a...crisis’ (Gorton, 2015, 976). These resources can be money, time, political and moral capital, as well as ‘statecraft’ or implementation tools – namely, authority, treasure, organisation and information (Hood, 1986; Howlett, 2011, 53). ‘Decisive’

means a definite outcome that leaves no room for interpretation, while ‘quick’ suggests that the desired policy outcomes can be achieved in a matter of days or weeks, rather than months or years.

A policy overreaction doctrine rejects a gradualist approach to the use of government power, and instead seeks to implement, or to communicate to target populations, an all-or-nothing policy approach that leaves no room for compromise and therefore ties the hands of policymakers and raises the political costs of any use of government force. The idea is for policymakers to use the state’s power in a given policy area to cognitively and emotionally overwhelm the relevant target populations in pursuit of policy goals. A policy overreaction doctrine communicates to the target populations and the general public that, on this particular policy issue, effectiveness takes precedence over policy costs.

Policy overreaction rhetoric

Policy overreaction rhetoric, a sub-set of policy overreaction doctrine, refers to arguments that policymakers employ to reach and persuade the target populations of their ‘all or nothing’ policy commitment to achieve their policy goal, no matter what the costs are. Rhetorical positions may include reference to policymakers’ intention to use overwhelming government force; to respond forcefully, aggressively or excessively to a potential or a given policy problem; to use all the means at their disposal in order to achieve a policy goal, and to avoid restraint (for example, break loose). With rhetoric, leaders commit to overreaction to secure the attention of the mass media (Hajer, 2009), the general public and target populations. Policy overreaction rhetoric therefore reflects a single constraint – to achieve a policy goal no matter what the costs are – which is endogenously imposed on policymakers, by way of the all-or-nothing public commitment they make, that will be very costly to maintain in terms of the nation’s welfare, if the need arises. This type of ‘crafted talk’ (Jacobs and Shapiro, 2000), which may include a form of drama (Hilgartner, 2000), may be used by policymakers to shape the ‘policy mood’ (Stimson, 1999). It may also be used to communicate an implicit message that, as with policy overreaction doctrines more generally, policy effectiveness takes precedence over policy costs.

Policy underreaction doctrine

Policy underreaction doctrine refers to a coherent set of policy principles which presents a conditional commitment for achieving a policy goal based primarily on policy costs considerations. At the heart of a policy underreaction doctrine lie principles for the use of limited resources and restricted government force in order to achieve a policy goal. A policy underreaction doctrine communicates to target populations the implementation of a gradualist approach to the use of government power that leaves much room for compromise. It therefore reduces the political costs of any use of government force and does not tie the hands of policy makers. This doctrine communicates to the target populations and the general public that, regarding the particular policy issue, cost-conscious policy response is more important than policy effectiveness.

Policy underreaction rhetoric

Policy underreaction rhetoric, a subset of policy underreaction doctrine, refers to arguments employed by policymakers to reach and persuade the target populations of the former's conditional commitment to respond to a policy problem based primarily on policy costs considerations. Such rhetorical positions may include, for example, a wish to wait until more information regarding the policy problem emerges; a desire for a limited policy outcome in a particular policy domain; an emphasis that policy will not disadvantage certain actors and/or arrangements; or a goal of enacting policy measures that provide net social benefits under all future risk projections in response to a given policy problem. Policy underreaction rhetoric therefore reflects a single constraint – to conditionally act on a policy problem – by way of meagre or minimal public commitments that are not very costly to maintain, in terms of the nation's welfare, if the need arises. These arguments communicate to the target populations and the general public that, regarding the particular policy issue, policy costs takes precedence over policy effectiveness.

Together, these terms represent a repertoire of disproportionate policy responses. The usefulness of each of the terms lies in their convenience as shorthand for the set of broadly similar disproportionate policy options that often dominate the real and manufactured crisis management agenda in various policy domains in many countries. Each of the disproportionate policy options may take a different shape and form depending on whether it is designed before or during a crisis. The more time there is before an impending crisis, the more policy engineering work could be undertaken in the design of disproportionate policy options.

A policy overreaction rhetoric or doctrine designed before the impending crisis could also act as a signalling device, producing the desired effect even without the need for its implementation. In such cases, policy overreaction rhetoric and doctrines serve as policy tools (Maor, forthcoming a). In these cases, policy overreaction rhetoric and doctrines are also explanatory concepts, ones that shape other events both substantially and symbolically – as illustrated in the influence of the rhetorical positions of US presidents on the nature of policy debates (for example, Schattschneider, 1960; Edwards and Wood, 1999). In addition, before an impending crisis there may be enough time to bolster the overall credibility of disproportionate policy options by, for example, designing a favourable information environment (Maor, forthcoming a; see also van Wijk and Fischhendler, 2016).

Methodological considerations

Focusing on the military, financial and environmental policy domains, the next three sections probe the 'plausibility' of the terms advanced here and establish that these terms are worth considering – that is, that empirical instances of them can be found. For the purposes of this conceptual exercise, it is not relevant whether the policy options presented here have been successfully implemented. This is because the focus here is not on policy outcomes themselves but on policy options which are disproportionate by definition; are perceived by policymakers to be disproportionate, or are grounded in the language of disproportionality. Put bluntly, we present disproportionate policy options whose design, under the circumstances faced by policymakers, just make good sense (excluding value judgement). The perspective

adopted here is therefore that of the policymaker, not that of the general public or the target populations. Specifically, the next three sections attempt to establish that disproportionate policy options may be deliberately designed. The article employs plausibility probes in an attempt to disaggregate the components of the terms presented here, to highlight the phenomena studied, and to alert the readers to differences among types of disproportionate policy options. The illustrations presented here have been selected precisely because they are extreme examples of each type, so as to better elucidate the concepts. Due to the length constraints in this article, the illustrations remain at the general level.

Policy overreaction doctrines in the military domain

One example of policy overreaction doctrine can be found in the US military domain, in the set of lessons following the Vietnam War that ‘were elevated to the level of formal doctrine within the army’ (Fitzgerald, 2013, 87). This doctrine is known as the *Weinberger Doctrine* (Weinberger, 1990), named for Caspar Weinberger, who served as Ronald Reagan’s Secretary of Defense, or the *Powell Doctrine* (Powell, 1992), named for Colin Powell, who served as Chairman of the Joint Chiefs of Staff during Operation Desert Storm and later as George W Bush’s first Secretary of State. The doctrine revolves around the principle that ‘military force, when used, should be *overwhelming* and *disproportionate* to the force used by the enemy’ (Jones et al, 2005, 20, emphasis added) so that military conflicts will end quickly and with minimal loss of life. Specifically, the main tenets of this approach are that ‘military action is the last resort [principle 1], to be used only when national interests are clearly at stake [principle 2]; force, if used, must be overwhelming [principle 3]; strong support from Congress and the public is necessary [principle 4]; and a clear exit strategy is essential [principle 5]’ (Fitzgerald, 2013, 90).

The Weinberger/Powell Doctrine was put to use in Operation Desert Storm, which occurred after Iraqi troops invaded Kuwait in 1991 under the leadership of President Saddam Hussein. The US deployed nearly 470,000 active duty troops and called nearly 217,000 reservists to active duty (Kozaryn, 2001). Over 500,000 American troops were placed in Saudi Arabia in case of an Iraqi attack on the Saudis, and 180,000 US soldiers were on the battlefield (Brooks, 2004). After a devastating 39-day air campaign, the ground war began. Just 100 hours after the attack was initiated, American ground troops declared Kuwait liberated. According to Powell, ‘[t]he Gulf War was... a limited-means war – we did not use every means at our disposal to eject the Iraqi Army from Kuwait. But we did use *overwhelming force* quickly and decisively’ (Powell, 1992, 93, emphasis added).

Israel’s *Dahiyah Doctrine* follows the same rationale. This doctrine arose in 2006, during the Second Lebanon War, when the Israel Defense Forces (IDF) were seen as having failed to stop Hizbullah and Hamas from launching rockets against Israeli civilian areas, even though the Israeli army had the military advantage. In this context, the flattening of Dahiyah, a Hizbullah stronghold, in 34-day sustained air raids in the Second Lebanon War, has been seen as a relevant model. The main tenets of the derived *Dahiyah Doctrine* revolve around using disproportionate air power and artillery against non-state terrorist and guerilla organisations (principle 1), on targets that include villages from which rockets are fired (Eisenkot, quoted in Nahmias, 2008), the political, social or religious strongholds of the Resistance Network (Siboni,

2008), or the civilian infrastructure of the political entity within which the Resistance Network operates (Eiland, 2008; Siboni, 2008) (principle 2), in an attempt to punitively destroy the entire area from which rockets are fired (principle 3). It was hoped that the destruction, or the threat thereof, would convince the local population to stop cooperating with the Resistance Network.

Interviewed in 2008, Gadi Eisenkot, Israel's Northern Front Commander, threatened Hamas (in Gaza) and Hizbullah (in Lebanon) by stating that '[w]hat happened in the Dahiyah quarter of Beirut in 2006 will happen in every village from which Israel is fired on... We will apply *disproportionate force* on it (village) and cause great damage and destruction there. From our standpoint, these are not civilian villages, they are military bases' (Eisenkot, quoted in Nahmias, 2008; italics added). 'This is not a recommendation', Eisenkot argued in another interview, '[t]his is the plan and it has been approved' (Eisenkot, quoted in Fishman and Ringel-Hoffman, 2008). This doctrine was put to use during Operation Cast Lead in Gaza (December 2008 to January 2009), which aimed at stopping rocket fire into Israel and weapons smuggling into the Gaza Strip. The total number of Palestinian non-combatants estimated to have died during the operation ranges from 295 (IDF figures, quoted in Lappin, 2009) to 926, according to the Palestinian Centre for Human Rights (News Agencies, 2009).

A policy overreaction doctrine in the financial domain

In the financial domain, a relevant doctrine is Bagehot's (1873) rule, according to which, to end a financial crisis, the central bank should lend freely (principle 1), at a high rate (principle 2), and on good collateral (principle 3). Ben Bernanke, US Federal Reserve Chairman during the 2007–08 financial crisis, explained the rule in this way: 'During a panic central banks should lend freely to whoever comes to their door; as long as they have collateral, give them money' (Bernanke, 2013, 7).

A classic example of the use of Bagehot's rule is the response of the US government to the financial crisis of 2007–08, when 12 of the 13 most important financial institutions in the United States were at risk of failure within one or two weeks (Bernanke, quoted in FCIC, 2011, 354). Policymakers also faced significant institutional constraints, as the then president of the Federal Reserve Bank of New York, Timothy Geithner (2014), highlighted: 'Our inconsistency had multiple causes: the limits of our authority, which made us look like we were failing; the Balkanisation of our authority, which put different tools in the hands of different officials with different strategies and different perceived responsibilities; and the inevitable messiness of fighting a crisis with limited time and incomplete information to make decisions. But whatever the cause, our unpredictability undermined the effectiveness of our response' (p 224). All that changed once Lehman Brothers filed for bankruptcy on 15 September 2008. This focusing event (Kingdon, 1984) had serious ramifications. According to Geithner (2014), 'the fall of Lehman was a serious blow, shattering confidence around the world' (p 212); 'Nothing is more dangerous during a panic than the sudden liquidation of a major institution' (p 149).

What was needed to combat a bank run was the 'use of *overwhelming force* to quell panics' (Geithner, 2014, 397, italics added). The financial manifestation of such a force is 'a credibly large amount of committed resources available to use with discretion during a financial crisis' (Gorton, 2015, 976). To Bagehot's rule, Bernanke added a secrecy component. The idea was to recreate confidence by hiding the identity

of the borrowers through the use of auctions, so as to avoid the stigma that often accompanies the conventional method of ‘money in the window’ (Gorton, 2015; Gorton and Ordenez, 2016). Within a month of Lehman’s bankruptcy, Congress passed the Troubled Asset Relief Program (TARP), which allocated \$700 billion to address the banking crisis. Once the banking sector and the economy had stabilised, calibration of the disproportionate policy response took place. Ultimately, the Dodd–Frank Wall Street Reform and Consumer Protection Act reduced the amount available to address the crisis to \$475 billion.

Policy underreaction doctrine in the environmental domain

A classic example of a policy underreaction doctrine is the ‘no regrets’ doctrine, according to which those measures taken ostensibly in response to uncertainty (principle 1) must realise other objectives (principle 2). In the area of climate change adaptation, this doctrine implies that any climate adaptation measure that yields benefits even in the absence of climate change is considered viable within this doctrine (IPCC, 2012, 56). The UK government has adopted this doctrine in its approach to climate change adaptation, which focuses on increasing the nation’s resilience to a range of possible futures. According to the UK Department for Environment, Food and Rural Affairs (2005), ‘[m]ost current adaptations are justified on co-benefits and/or are ‘no regret’ options’ (p 8). These activities are framed by the government as proportionate (DEFRA, 2005, 8). Specifically, in the area of flood preparedness, practices such as rainwater harvesting to improve water efficiency; airbrick covers and door guards to reduce damages from flooding; and energy efficient devices to reduce waste heat provide net social benefits under all future risk projections (ASC, 2001).

These adaptation measures are not designed to perform optimally in any scenario of climate change. The reason is that each measure is not tailor-made to address future climate variability and extremes (which in any case are unpredictable), but instead acknowledge the variability of current climate conditions subject to social acceptance, technical and economic feasibility concerns and the like (IPCC, 2012, 182; Dilling et al, 2015). The gap between the rhetoric of appropriateness or proportionality and the reality of un-optimal performance reflects one of the greatest advantages of the no-regret doctrine – namely, its ambiguous nature. No-regret policy options and actions may be framed as proportionate because they are cost-effective under current climate conditions, trigger tangible measures of climate change adaptation, and are consistent with addressing risks of climate change. They do not involve any difficult trade-offs with other policy objectives, are easily identified by currently available methodologies of cost-benefit analysis, are easily justified in a cost-conscious environment, and perhaps, what is more important, create net social benefits under all future scenarios of climate change and impacts. Bluntly put, no-regret policies are successful if the risky event does not materialise, and may be successful if it materialises to a limited extent.

According to a recent report by an independent statutory body whose advice on climate change is directly reflected in legislation and in the government’s policy, the climate change adaptation measures pursued so far appeared to be inadequate to address the winter flooding that was predicted by climate change models (Committee on Climate Change, 2014). Although the 2013’s floods were ‘consistent with the projected consequences of climate change’ (Committee on Climate Change, 2014, 8), these ‘[e]vents... illustrate the costs of a lack of resilience, with many thousands

of people forced to leave their homes, businesses and transport disrupted, with the associated costs to the economy and to well-being' (Krebs, in Committee on Climate Change, 2014, 4). Regarding flood risks, the report concludes that '[u]nder-investment in these defenses is storing up costs and risks for the future' (Committee on Climate Change, 2014, 8).

Policy over- and underreaction rhetoric in various policy domains

Rhetoric, unlike doctrine, does not bind actors or detail any specific and coherent policy response, nor does it indicate a process of designing specific tools to respond to the crisis. An example of policy overreaction rhetoric, wherein the disproportionate component is explicitly stated, is the statement made on 26 July 2012 by Mario Draghi (2012), the head of the European Central Bank (ECB), regarding the fragility of the euro: 'Within our mandate, the ECB is ready to do whatever it takes to preserve the euro. And believe me, it will be enough.' Another example of overreaction rhetoric is the statement made by Prime Minister Ehud Olmert (2009) regarding the Dahiyah doctrine, which has been discussed earlier in this paper. He stated that '[t]he government's position was from the outset that if there is shooting at the residents of the south, there will be a harsh Israeli response that will be *disproportionate*' (Olmert, 2009, italics added). Both Draghi and Olmert's responses are strong, but not binding: target populations may call policymakers' bluff and take the risk that policy overreaction may follow. Rhetorical tools aimed at persuading target populations to avoid calling policymakers' bluff include repetition, emphasis on certain verbs and other rhetorical strategies.

An illustration of policy underreaction rhetoric is the joint statement by Rose Kelly and John Kerin (1990), the Australian Minister for Arts, Sport, the Environment, Tourism and Territories, and the Minister for Primary Industries and Energy, respectively, that '[w]hile recognizing the need to restrict emissions and to aim for a 20% reduction, the Government will not proceed with measures which have net adverse economic impacts nationally or on Australia's trade competitiveness in the absence of similar action by major greenhouse gas producing countries'. This is a version of a 'no regrets' approach which revolves around the notion of 'no harm done': measures are designed in a way which does not allow adverse impact, be it intended or unintended, on other policy sectors, rather than in a way that helps to achieve policy effectiveness. A more straightforward example is the statement by Vivian Balakrishnan (2014), the Singapore Minister for the Environment and Water Resources, that

from a policymaker's point of view, there are a set of 'no-regret' policies that we can implement now, in order to achieve substantial emission reductions. For instance, we can all continue to invest in research and development into low carbon and clean energy systems. We can all mandate energy efficiency standards, because after all, energy efficiency saves money immediately. We could also have a world in which fossil fuel subsidies are removed.

This version of the no-regret approach has been elaborated earlier.

Conclusions

The value of this article lies in three dimensions: the distinction between disproportionate policy response by error (bounded rationality) and disproportionate response by choice; the distinction made in the latter construct among two disproportionate policy options, namely rhetoric and doctrine; and the demonstration of the need faced by policymakers who wish to over- or underreact to balance between these two options when designing disproportionate policy responses. Although disproportionate policy options are only one of many options available for policymakers in the run-up to a potential crisis and during a crisis involving panic and public fears, pertinent illustrations have shown that these contextual conditions, and probably many others, facilitate the formulation of disproportionate policy options, thereby making the area of disproportionate policy response a gateway to some of the most significant aspects of modern politics. As global and domestic threats combine with public scepticism towards politicians and political institutions, policymakers wishing to decisively and swiftly end a crisis may be required to employ policy overreaction so that publics perceive a policy action as sufficient and politicians as competent, at least in the short term. In other situations, policymakers may use policy underreaction rhetoric and doctrines if they wish to respond to uncertain risk projections in a way that creates net social benefits under all future risk projections, with no or low costs and committed resources, and which they can frame as cost-effective and do not involve difficult trade-offs with other policy objectives.

Understanding the full spectrum of policy options available for policymakers, including the repertoire of disproportionate policy options elaborated here, facilitates the understanding of policy decisions when target populations fail to provide incentives for policymakers to behave in a proportionate way. Policymakers design disproportionate policy options because they recognise that there are political, financial, social and even psychological penalties that accrue to the general welfare of society, and consequently to their political prospects, from behaving in proportionate ways. Future research should address how and how well the design of disproportionate policy options work.

When disproportional response options are considered during a policy design process, a few questions are often raised by policymakers. Will target groups regain confidence in the government following policy overreaction? Will they now think that, under similar conditions, the government will do whatever it takes to preserve (or change) the status quo? Will the policy over- or underreaction undermine the common policy paradigm? Will the policy over- or underreaction result in the emergence of agents that have incentives to publicly produce information about the costs and benefits of the policy? If policymakers engage with some of these questions before an impending crisis, inevitably the policy design will not only include operative details but also elements that structure the subsequent opportunities and constraints for relevant individuals, organisations and institutions in crisis and non-crisis times. A case in point is the bank stress tests which were innovatively designed and introduced during the 2007–08 financial crisis. These tests, aimed at assessing the resilience of financial institutions to a hypothetically adverse market scenario, have been conducted on a regular basis since then in the US, the EU, Australia and numerous other countries.

All of this suggests additional questions for researchers to pursue. Under what conditions are governments more likely to go for rhetoric versus doctrine (or vice

versa), and what are the implications of such a strategic choice? How are certain policy issues framed and expressed in policy over- and underreaction speeches in order to reach out to the targeted audience? These questions can be analysed across national settings and over time in order to assess how variance in external circumstances (for example, attitudes towards policymakers) shapes the formulation of disproportionate policy options. There is still a methodological issue in that, without primary fieldwork, it is difficult to prove conclusively that disproportionate responses were chosen by design, rather than a product of error. Scholars should therefore aim at demonstrating that disproportionate policy options are perceived by policymakers to be disproportionate, and that the decision to design such options are carefully thought out, carefully developed and meticulously debated. Attention should also be devoted to the wide range of decision support tools/systems employed by policymakers during the design of disproportionate policy options.

Taking into account the large literature that shows that policymakers respond to the public's policy preferences (for example, Page and Shapiro, 1983; Soroka and Wlezien, 2009) and allowing for endogeneity, one may also examine the extent to which the preferences of target populations (and/or the public's preferences) and policy over- and underreaction rhetoric and doctrine reinforce each other, as policymakers initially respond to an increase in target populations' preferences for being tough on the policy problem and then further encourage such attitudes through their rhetorical positions and doctrines. In addition, one may also build on the distinction between disproportionate policy response by error and disproportionate response by choice, and expand it by looking for episodes where both error and choice have played a part simultaneously.

Overall, the aforementioned insights indicate that the study of the design of disproportionate policy options is theoretically meaningful because it contributes to our basic understanding of fundamental policy design processes, and it is practically important because the design and implementation of disproportionate policy responses may create substantial value for policymakers.

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