When Policies Undo Themselves: Self-Undermining Feedback as a Source of Policy Change

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Agenda

1. Existing approaches

2. Theory building, through the introduction of three new mechanisms

3. Case Study: US healthcare reform

4. Limitation/critiques

5. Discussion questions

Icebreaker

Can you think of a time a **long lasting policy** is **abandoned** or **majorly reformed**?

Why?

Existing Approaches to Feedback Effects

Alternative Approaches to Policy Feedback

	Punctuated Equilibrium Approach	Historical Institutionalist Approach
Positive feedback	Disturbances quickly reinforced → *policy change*	Long-term self-reinforcing effects → *policy stability or expansion*
Negative feedback	Disturbances quickly counterbalanced → *policy stability*	Long-term self-undermining effects → *policy rollback or reorientation*

p. 443

Punctuated equilibrium a strategic aspect approach

— Political stability as a consequence of negative feedback
— Positive feedback as a self-reinforcing variable for the momentum of change

Historical Institutionalism, mechanism focused approach and time influence

— Long term self reinforcement feedback
— Long Term as an self-undermining feedback

Mechanism 1: Emergent Losses

Policy feedback as a cost and benefit distribution over time

Two aspects: **Increasing returns** (self-reinforcing) or **unanticipated losses** (self-undermining)

Reasons might lead policy making to create UL:

- **Collective activity:** Complexity and incoherence instead of black and white policies
- **Policy layering:** Policies build upon each other and create friction and unforeseen interactions
- **Electoral incentives:** Re-election concerns prioritize short-term over long-term outcomes

With a particular institutional setting needed: compromised-based policies/Short term electoral pressure/ambitious social engineering

Mechanism 2: Mass cognition

How do policies undermine their support base, leading voters to support a need for policy change?

— **Negativity bias:** How does the fact that people weigh negative information as more important than positive information, influence the political situation
— **Loss/gain framing:** How do voters' cost benefit calculation influence their perception of policies
— **Informal conditions:** Influence of policy framing by the elite

Policy losses conditions:
1. Concentration
2. Temporality
3. Cross-sectionality

Mechanism 3: Expansion of the Menu of Alternatives

Policy feedback as expanded policy options

Self-reinforcement: **Options narrowing** → Path dependency limits

Self-undermining: **Options expansion** → Evolution of political sphere

Institutional setting needed:

1. Diffusion
2. Penetration
3. Coherence

Recap self-reinforcement vs. self-undermining

Self-reinforcement in HI

Traditional Historical Institutionalist mechanism

Status quo policy regime…
- creates support for itself
- creates support for expansion
- creates support for policy choices complementary with the status quo

➔ **Only explains policy stability**

Self-undermining

Aims to explain…
- endogenous policy change
- policy rollback
- policy reform

… from a Historical Institutionalist perspective

Case study: US healthcare reform

Affordable Care and Patient Protection Act

Before ACA: **"**Public-private patchwork**"** (p. 451)
— Medicaid (poverty)
— Medicare (old age)
— Private employer provided HC
— No federal regulation until 1974 (Pestaina et al., 2024)

ACA
— Expansion of Medicaid and subsidies
— Regulation on pre-existing conditions, price-discrimination (Ortaliza & Cox, 2024)

➔   **RQ: Why did the US deviate from its historic path, at the time it did?**

Mechanism 1: Emergent costs

Layering: *"Fragmented system of financing led total health expenditures to rise far higher than in any other country"* (p. 451).

Employers and individuals:
— Employer costs rise 50%
— Uninsured rises from 10% (70s) to 16.7%
— Benefits are cut

Government:
— State budgets strained

Healthcare providers:
— Hospitals face patients who cannot pay
— Doctors' incomes fall

Case study: US healthcare reform

Mechanism 2: Mass cognition

"Increasingly salient losses also expand the electoral coalition" (p. 452).

Public opinion is favorable…
— Majority view HC as dysfunctional
— Indiv. ACA provisions very popular
— Healthcare reform among voters' top priorities

… due to consistent loss aversion framing
— Loss due to unaffordable premiums & out-of-pocket costs
— Loss due to employer cutting benefits
— Loss due to job loss (Financial Crisis)

➔ Dems frame ACA as **protection** from loss
➔ Dems win POTUS, House, Senate supermajority

Mechanism 3: Menu effects

"High social costs of the status quo led to decades-long search for new reform alternatives" (p.453)

Major hurdles to reform:
— Avoid tax hikes
— Maintain role of private insurers

Emerging credible menu options 1990s:
— Employer mandate
— Managed competition

Emerging credible menu options 2009/2010:
— **Individual mandate**: Successfully trialed in Massachusetts

Critical review

Theoretical part

— Argument only based on western examples

— Mechanism working only under specific institutional conditions/case dependent

— Overemphasizing of the endogenous factors

Case study

— Major empirical claims are not substantiated, especially regarding **differences in conditions under Clinton vs. Obama**:

○ Significant difference framing

○ Significant difference in costs

Discussion

Could this mechanism theorized survive institutional variations?

Why was Donald Trump elected twice, despite promising to abolish the ACA?

References

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