

WHEN EFFECT BECOMES CAUSE

Policy Feedback and Political Change

By PAUL PIERSON*

Gøsta Esping-Andersen. *The Three Worlds of Welfare Capitalism*. Princeton: Princeton University Press, 1990, 248 pp.

Peter Hall, ed. *The Political Power of Economic Ideas: Keynesianism across Countries*. Princeton: Princeton University Press, 1989, 406 pp.

Douglass C. North. *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press, 1990, 152 pp.

Theda Skocpol. *Protecting Soldiers and Mothers: The Political Origins of Social Policy in the United States*. Cambridge: Belknap Press of Harvard University Press, 1992, 714 pp.

ACTIVE government is a central feature of modern life. In advanced industrial democracies, anywhere from 30 to 60 percent of GNP is filtered through government programs. In addition to these massive public systems of resource extraction and deployment, governments exert a major influence on social relations through an unquantifiable but pervasive set of prohibitions and requirements. This extensive activity makes it very likely that, as E. E. Schattschneider argued over a half century ago, "new policies create a new politics."¹ Yet political scientists were slow to incorporate Schattschneider's insight into their models of politics, treating policy as the result of political forces (the dependent variable), but rarely as the cause of those forces (the independent variable). In the past decade or so, this has ceased to be true. Scholars working on a range of empirical issues have begun to emphasize that "policies produce politics."

The massive twentieth-century expansion of the role of government has clearly contributed to this new orientation. Increasing government activity made it harder to deny that public policies were not only outputs of but important inputs into the political process, often dramatically reshaping social, economic, and political conditions. Intellectual developments have also fostered this shift in research. The "postbehavioralist" turn toward investigating the structural constraints facing individual ac-

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¹ E. E. Schattschneider, *Politics, Pressures and the Tariff* (New York: Prentice-Hall, 1935), 288.

tors has led scholars working from a variety of perspectives to begin identifying the ways in which the formal and informal rules of the game in political and social life influence political behavior. To date, most analysis has centered on formal governmental institutions and political organizations.² However, major public policies also constitute important rules of the game, influencing the allocation of economic and political resources, modifying the costs and benefits associated with alternative political strategies, and consequently altering ensuing political development.

The increased scope of public policy and the close fit between the concept of policy feedback and a new social science agenda has fueled a growth of research on the topic. The emergence of a substantial and broadly persuasive literature on policy feedback represents a considerable achievement for what might be called a "historical institutionalist" approach to comparative politics.³ Historical institutionalist analysis is based on a few key claims: that political processes can best be understood if they are studied over time; that structural constraints on individual actions, especially those emanating from government, are important sources of political behavior; and that the detailed investigation of carefully chosen, comparatively informed case studies is a powerful tool for uncovering the sources of political change. Yet if the scholarship discussed below suggests the strengths of this approach, it also reveals important limitations.

This new research raises the prospect of significantly improving our understanding of politics. However, while recent scholarship has emphasized that past policies themselves influence political struggles, moving from this general statement to more specific propositions about *how* policy structures matter has proven to be difficult. It is too easy to let a label substitute for an argument—a dangerous practice when the label is in fact an umbrella term covering a wide range of sometimes incompatible propositions about the political world. Asking how previous policy de-

² For a range of "new institutionalist" analyses, see Peter B. Evans, Dietrich Rueschmeyer, and Theda Skocpol, eds., *Bringing the State Back In* (Cambridge: Cambridge University Press, 1985); James G. March and Johan P. Olsen, *Rediscovering Institutions: The Organizational Basis of Politics* (New York: Free Press, 1989); Kenneth A. Shepsle, "Studying Institutions: Some Lessons from the Rational Choice Approach," *Journal of Theoretical Politics* 1 (April 1989); and Stephen Skowronek, *Building a New American State: The Expansion of National Administrative Capacities, 1877–1920* (Cambridge: Cambridge University Press, 1982).

³ In addition to the scholarship of Theda Skocpol reviewed in this essay, see, for example, Skowronek (fn. 2); Peter A. Hall, *Governing the Economy: The Politics of State Intervention in Britain and France* (Oxford: Oxford University Press, 1986); and Sven Steinmo, Kathleen Thelen, and Frank Longstrech, eds., *Structuring Politics: Historical Institutionalism in Comparative Analysis* (Cambridge: Cambridge University Press, 1992).

cisions are being used to explain later developments quickly reveals not one argument but many. Either these specific arguments are often not clearly spelled out, or the scope of their application remains unexplored.

This essay investigates the range of arguments that lie behind the general label of policy feedback. Part of my purpose is to indicate the sheer range of existing work, which provides compelling evidence that the analysis of policy feedback constitutes a major research frontier in comparative politics. The discussion also seeks to help scholars expand their investigations of policy feedback. Because researchers have not clearly specified the range of ways in which policies can affect politics, they have often failed to identify important paths of influence. I will argue that there are significant feedback processes—particularly those directly affecting mass publics rather than bureaucrats, politicians, or organized groups—that have yet to receive sufficient attention. Indeed, there is reason to expect that the effects on mass publics may turn out to be the most important political consequences of government growth.

The main goal of this article, however, is to encourage improved use of an increasingly popular type of explanation. The broad claim that “policies produce politics” has been important. Now that we know policy choices have political consequences, however, what needs to be determined is precisely how, when, and where particular effects are likely to occur. We need to ask more complex questions about the extent and operation of feedback. Providing empirical support for specific claims is beyond the scope of this essay. However, it is possible to raise some central questions that deserve attention and to outline some plausible and testable hypotheses about the range and impact of various feedback effects that would reward further study. A close investigation of existing research reveals that particular routes of inquiry are more promising than others. It also suggests that some of the most promising lines of research must draw heavily on work in other traditions, especially rational-choice theory, and that many of the most pressing questions will be difficult to answer through the case study approach that has been the favored tool of historical institutionalists.

The following discussion makes no attempt to offer a comprehensive evaluation of the works considered. In several instances, a focus on policy feedback was not the author’s central interest. Yet each has made important contributions to an understanding of the political consequences of public policies. I begin by considering arguments about the ways in which policies provide resources and incentives for political actors, before turning to arguments that concentrate on the cognitive consequences of public policies.

POLICIES AS PRODUCERS OF RESOURCES AND INCENTIVES

Analyses that stress the ways in which political systems confer resources on individuals and create incentives for them are the bread and butter of contemporary political science. By virtue of their location within a political system, particular actors may have direct access to significant political assets. These may be material, but an even more important asset may be access to authority—the capacity to issue commands and take other steps with a reasonable expectation that others will accept these actions as legitimate. Political systems also create incentives, which do not directly confer resources but help to define the alternatives available to individual actors. Incentive structures influence the probability of particular outcomes and the payoffs attached to those outcomes. Individuals choose, but the conditions that frame their decisions provide strong inducements to make particular choices.

While often associated with rational-choice theory, it is worth stressing that these arguments are compatible with the central claims of many investigations operating outside that tradition. Often, the difference between rational-choice and ostensibly competing approaches concerns the explicitness of certain assumptions and the preferred methodologies rather than more fundamental disagreements about the major determinants of political action. For most political scientists operating both within and outside rational-choice frameworks, resources and incentives are key.

Given the scope of modern government, it would be hard to deny that public policies provide resources and incentives that may influence political action. Yet how, and how often, are these feedback effects important? Resource/incentive arguments have been used to support claims of significant policy feedback on social groups, government elites, and mass publics. Perhaps the most successful line of research on policy feedback emphasizes the resource/incentive effects of policies on *social groups*. If interest groups shape policies, policies also shape interest groups. The organizational structure and political goals of groups may change in response to the nature of the programs they confront and hope to sustain or modify.

INTEREST GROUP EFFECTS

The activity of interest groups often seems to follow rather than precede the adoption of public policies. This is a central theme in Theda Skocpol's *Protecting Soldiers and Mothers*, which represents both a major contribution to our understanding of American social policy before the New Deal and a considerable theoretical achievement. More than any other

scholar, Skocpol has been at the center of efforts to use historical institutionalist analysis to understand the dynamics of policy feedback. *Protecting Soldiers and Mothers* provides her most sustained effort to show how these processes work in a particular historical case. The prominence Skocpol gives to this variable suggests that, even before the arrival of "big government," policy choices could have major political consequences.

Skocpol identifies "changes in social groups and their political goals and capabilities" (p. 58) as one of two major types of policy feedback. In emphasizing the linkage between policies and interest groups, she echoes a common theme. Jack Walker's detailed investigation of interest groups in the United States, for example, noted that "the steady expansion of the federal government figures as one of the major causes of the recent growth of new organizational devices for linking citizens with their government."⁴

As in much of the research on policy feedback, however, arguments about the relationship between previous policies and patterns of interest articulation are quite diverse, and analysts have not always been careful to specify precisely what the relationship between the two variables might be. Policies provide both incentives and resources that may facilitate or inhibit the formation or expansion of particular groups. The incentives stem primarily from the major social consequences of specific government actions. Public policies often create "spoils" that provide a strong motivation for beneficiaries to mobilize in favor of programmatic maintenance or expansion. Skocpol cites the case of Civil War pensions: "After initial legislative liberalizations, veterans became self-consciously organized and mobilized to demand ever improved benefits" (p. 59).

Exactly who is induced to mobilize will often depend on the precise nature of policy interventions. In an influential article, Weir and Skocpol suggested that a crucial difference between Swedish and U.S. social policies during the 1930s was that the former helped to cement a farmer/worker political alliance while the latter did not. The Swedish Social Democrats devised a system of price supports without production controls that was attractive to small farmers. The structure of New Deal agricultural policies, by contrast, activated affluent farmers who had little inclination to establish common cause with urban workers:

Rather than enduringly uniting labor with those farmers who would benefit most from increased domestic consumption and state interventions in agriculture, the New Deal ended up joining together larger, commercially well-established, export-oriented southern cotton producers with better-

⁴ Jack L. Walker, Jr., *Mobilizing Interest Groups in America: Patrons, Professions and Social Movements* (Ann Arbor: University of Michigan Press, 1991), 54.

off midwestern corn and wheat farmers oriented to domestic as well as international markets. This cross-regional alliance, which took shape from the middle 1930s, was embodied in the American Farm Bureau Federation (AFBF), an organization that became very influential in Congress . . . [and] frequently cooperated with the conservative alliance of southern Democrats and Republicans in Congress to oppose many urban liberal Democratic initiatives.⁵

It is important to stress that new policies do not only provide incentives for supporters. Initiatives may also fuel countermobilizations involving novel forms of political organization. David Vogel's analysis of the response of American business to the regulatory initiatives of the late 1960s and early 1970s provides an excellent example of how policy feedback generated new structures of interest representation:

Among the most distinctive features of the regulatory statutes enacted during the first half of the 1970s was precisely that they were not directed toward specific industries. Rather, they sought to change the behavior of companies in a wide variety of different industries. This made many business executives much more conscious of their common or class interests, which in turn led to both the formation and revival of political organizations that represented firms in many different industries, such as the Business Roundtable, the United States Chamber of Commerce, and the National Federation of Independent Business.⁶

Policy designs can also create niches for political entrepreneurs, who may take advantage of these incentives to help "latent groups" overcome collective action problems.⁷ The history of the now-formidable American Association of Retired People (AARP) illustrates this feedback process. The inadequacy of health care benefits for the elderly provided the AARP

⁵ Margaret Weir and Theda Skocpol, "State Structures and the Possibilities for 'Keynesian' Responses to the Great Depression in Sweden, Britain and the United States," in Evans, Reuschmeyer, and Skocpol (fn. 2), 143–44. The Farm Bureau's development has been widely linked to policy feedback, even by scholars not inclined to emphasize the independent role of government activity. In his classic study of interest groups, Mancur Olson argues that "the Farm Bureau was created by the government." Olson, *The Logic of Collective Action: Public Goods and the Theory of Groups* (Cambridge: Harvard University Press, 1965), 149. David B. Truman also identified "the aid of federal officials" as important in launching the Farm Bureau. Truman, *The Governmental Process* (New York: Alfred A. Knopf, 1971), 87–93. On policy feedback in agriculture, see also Terry M. Moe, *The Organization of Interests: Incentives and the Internal Dynamics of Political Interest Groups* (Chicago: University of Chicago Press, 1980), 181–91; Richard Valelly, *Radicalism in the States: The Minnesota Farmer-Labor Party and the American Political Economy* (Chicago: University of Chicago Press, 1989); and John Mark Hansen, *Gaining Access: Congress and the Farm Lobby, 1919–1981* (Chicago: University of Chicago Press, 1991), chaps. 2–3.

⁶ David Vogel, *Fluctuating Fortunes: The Political Power of Business in America* (New York: Basic Books, 1989), 13–14.

⁷ On the importance of political entrepreneurs, see Mancur Olson (fn. 5); Russell Hardin, *Collective Action* (Baltimore: Johns Hopkins University Press, 1982), 35–37; and Moe (fn. 5), 37–39.

with a niche for activity. The sale of health insurance prior to the enactment of Medicare, and of "Medigap" policies since then, has provided a strong "selective incentive" for individuals to join AARP. These conditions promoted the development of an elderly lobby that is unmatched in other countries.⁸

Not only do public policies create incentives for interest group activities, they may also provide resources that make that activity easier. The political influence of groups varies dramatically; some are central actors in the development of policy, while others are ineffectual, forced to accept gains and losses determined elsewhere. Public policies can clearly "feed back" into politics in this respect, too. Policies can have an effect on the resources of groups and the ability of groups to bring those resources to bear on decision makers.

Sometimes government policies create interest group resources in a straightforward sense, as when legislation provides funding to favored organizations or provides incentives for individuals to join particular groups (e.g., by banning or harassing alternative organizations). In a compelling essay on the development of the Swedish labor movement, Bo Rothstein has demonstrated that policy designs that gave unions authority over unemployment funds provided a crucial impetus to the development of powerful labor confederations.⁹ Union administration of these funds gave workers a strong "selective incentive" to become union members. Rothstein's comparative analysis indicates that union density rose rapidly and stabilized at higher levels in countries that adopted this particular design for unemployment insurance.

Policies may also strengthen particular groups by increasing their access to decision makers. The literature on corporatism contains many examples of this kind of process.¹⁰ Governments pursuing a complicated social and economic agenda adopted policies that brought important social actors (usually business associations and labor confederations) directly into the decision-making process. Essentially, these governments tried to increase their effectiveness by trading expanded group access to policymakers for group acquiescence to current initiatives. Many critics of these initiatives argued that this expansion of group access eventually

⁸ See, for example, Christine L. Day, *What Older Americans Think: Interest Groups and Aging Policy* (Princeton: Princeton University Press, 1990). Thanks to Kent Weaver for bringing this example to my attention.

⁹ Bo Rothstein, "Labor Market Institutions and Working-Class Strength," in Steinmo, Thelen, and Longstreth (fn. 3).

¹⁰ Philippe Schmitter and Gerhard Lehmbruch, eds., *Trends toward Corporatist Intermediation* (Beverly Hills, Calif.: Sage, 1979); Suzanne Berger, ed., *Organizing Interests in Western Europe* (Cambridge: Cambridge University Press, 1981); and John H. Goldthorpe, ed., *Order and Conflict in Contemporary Capitalism* (Oxford: Oxford University Press, 1984).

undermined the ability of state actors to govern effectively.¹¹ Students of regulatory “capture” have picked up on a similar phenomenon. Interventionist government policies often have the paradoxical effect of making the success of particular policies dependent upon group-controlled resources (e.g., information, skilled personnel). This dependence in turn enhances the ability of groups to turn their preferences into government policy.¹²

There is, then, significant research suggesting feedback effects on group formation and activity. All of this, however, remains illustrative. How common are these feedback effects? Under what circumstances are they likely to occur? The answer is that we do not know, and cannot know until research is designed specifically to address these questions. Progress can be made from two directions. In many cases, one can start with policies themselves and demonstrate the presence or absence of links to specific group activities. Where policies provide tangible resources (e.g., formalized access, financing), these connections should be easy to trace. At the same time, research can begin with the interest groups themselves and seek to draw linkages back toward policies. It is probably easier, for example, to first identify the selective incentives that groups are using to overcome collective action problems and then work backward to determine if government policies produced those selective incentives.

In addition, two more specific approaches may shed further light on how policy-created resources and incentives affect interest groups. First, policy feedback is likely to be most consequential in issue-areas (or in countries, e.g., those of postcommunist Eastern Europe) where interest group activity is not yet well established. Recent research on “path dependency”—including the work of Douglass North to be discussed below—suggests the importance of focusing on the formative moments for institutions and organizations.¹³ Even where the influences of policy on social groups seem relatively modest, small effects at crucial junctures may make a profound difference. Factors that give one set of organizations an initial advantage—even a small one—are likely to become self-

¹¹ See, for example, Samuel Brittan, *The Role and Limits of Government: Essays in Political Economy* (London: Temple Smith, 1983).

¹² Grant McConnell, *Private Power and American Democracy* (New York: Random House, 1966); George J. Stigler, “The Theory of Economic Regulation,” *Bell Journal of Economics and Management Science* 2 (Spring 1971).

¹³ For interesting discussions of path dependency, see Stephen Krasner, “Approaches to the State: Alternative Conceptions and Historical Dynamics,” *Comparative Politics* 16 (January 1984); and Ruth Berins Collier and David Collier, *Shaping the Political Agenda: Critical Junctures, the Labor Movement, and Regime Dynamics in Latin America* (Princeton: Princeton University Press, 1991), chap. 1.

reinforcing. Costs of starting up competing organizations are generally high, and as a result the incentives for individuals to invest in “proven” institutions are substantial. High “barriers to entry” mean that established interest organizations will tend to maintain themselves unless their performance is very poor. Recent research on the women’s movement in the United States during the early 1960s is suggestive. In a context where interest organizations were largely absent, even the relatively weak policy initiatives of the federal government (such as the establishment of a network of state commissions that subsidized communications within the movement) proved consequential for patterns of interest group development.¹⁴

Circumstances where governments can use a variety of instruments to achieve the same policy goals provide another good opportunity to study resource/incentive feedback on social groups. For example, farm incomes can be maintained through government purchases of surplus produce, price supports, or transfer payments to farmers. Although each option would provide income for farmers, the different policies might have quite different consequences for interest group development. Comparative analyses that examine the use of different policy instruments to achieve similar goals can determine if the variation in instruments has political consequences. These investigations could clarify how specific characteristics of policies promote particular patterns of interest group formation and activity. Doing so would provide a stronger basis for moving beyond persuasive case studies to some broader propositions about the impact of policy feedback on interest groups.

POLICIES AND THE RESOURCES AND INCENTIVES FOR GOVERNMENT ELITES

According to Skocpol, the second major type of policy feedback is the transformation of state capacities. “Because of the official efforts made to implement new policies using new or existing administrative arrangements,” she writes, “policies transform or expand the capacities of the state. They therefore change the administrative possibilities for official initiatives in the future, and affect later prospects for policy implementation” (p. 58).

It does indeed seem plausible that policy initiatives—which are, after all, the central undertakings of public officials—may provide resources and incentives affecting the capacities of government elites. Yet of all the dimensions of policy influence reviewed in this essay, those linking the resources and incentives generated by existing policies to the actions of

¹⁴ Georgia Duerst-Lahti, “The Government’s Role in Building the Women’s Movement,” *Political Science Quarterly* 104 (Summer 1989).

government elites seem the least well established. In part, this shortcoming reflects continuing uncertainty about the nature and limits of the political power wielded by government authorities.

Administrative resources are obviously important. The viability of policy initiatives often requires the presence of coherent bureaucratic organizations staffed by well-trained, experienced, and respected officials. A number of analysts have recently stressed the impact of policy feedback on state administrative capacities. For example, Weir and Skocpol's research on government responses to the Great Depression suggests that previous policy choices in Sweden helped to produce the administrative apparatus that allowed state actors to pursue a Keynesian agenda.¹⁵ Unemployment insurance was not well established in Sweden, but public works programs were, and the latter provided a good "bridge" to the development of Keynesian policies. Britain, by contrast, found that its preexisting administrative organizations, derived from the previous development of unemployment insurance policies, were far better suited to an expansion of unemployment benefits than to developing a new system of public works and other job creation efforts.

G. John Ikenberry's analysis of United States energy policy in the 1970s points to a similar dynamic.¹⁶ Previous energy policies had hindered the development of administrative capacities that would have given political elites the knowledge and managerial experience necessary to intervene extensively in energy exploration and development. As Ikenberry concludes, when American policymakers sought responses to the energy crisis of the 1970s, "the institutional legacy of the past weighed heavily on proposals for change. In particular, the scarcity and fragmentation of bureaucratic expertise and operational capacities provided few bases from which to build new government powers and responsibilities."¹⁷

However, analyses that emphasize feedback effects on the administrative capacities of government actors are sometimes hazy about just what the critical features of these capacities might be. Most studies of the development of generalized bureaucratic competence (i.e., the establishment of a stable, prestigious civil service) have emphasized a range of contributing factors, such as the timing of democratization and the significance of external military pressures.¹⁸ Specific policy initiatives, on the

¹⁵ Weir and Skocpol (fn. 5), 123–25, 129–32.

¹⁶ G. John Ikenberry, *Reasons of State: Oil Politics and the Capacities of American Government* (Ithaca, N. Y.: Cornell University Press, 1988).

¹⁷ *Ibid.*, 44.

¹⁸ Perry Anderson, *Lineages of the Absolutist State* (London: Verso, 1974); Charles Tilly,

other hand, seem far more likely to have an impact on the development of specialized administrative skills. Thus, the significance of feedback turns on which type of administrative capacity is deemed to be important. Where general bureaucratic capacities are easily transferred from one domain to another, policy feedback is likely to be of little relevance. Future research could usefully concentrate on the circumstances under which policies generate an expansion of relatively specialized but important administrative skills. Such effects are likely to be limited to situations where new government actions require highly intrusive and complex actions for implementation and oversight.

Discussions of policy feedback on governmental elites share a problem common to this whole field of research. Illustrations of particular effects are easy to find and often persuasive, but general propositions about the frequency with which such effects will occur and the circumstances that make them more or less likely are rare. In this particular instance, limitations in our understanding of the position of state actors compound the problem. It has become a commonplace that states vary in their capacities to carry out particular activities.¹⁹ However, our understanding of what the critical features are that make state actors “strong” or “weak” remains relatively limited. In this context, work on this dimension of policy feedback clearly has a long way to go.

FEEDBACK EFFECTS ON MASS PUBLICS

Resource/incentive arguments have generally explored the impact of policy feedback on organized interests and government elites. However, public policies also provide resources and create incentives for mass publics. Unless these resources and incentives directly induce political action, they are unlikely to attract the attention of political scientists. Perhaps it is not surprising then that the most detailed examination of how the resources generated by public policies affect mass publics is the recent work of a sociologist, Gøsta Esping-Andersen. In *The Three Worlds of Welfare Capitalism*, Esping-Andersen makes a strong plea for greater attention to policy feedback:

The present challenge for comparative research is to study welfare states in their role as independent, causal variables. . . . The welfare state is be-

Coercion, Capital and European States, A.D. 990–1992 (Oxford and Cambridge: Blackwells, 1992).

¹⁹ Peter J. Katzenstein, “Conclusion: Domestic Structures and Strategies of Foreign Economic Policy,” in Katzenstein, ed., *Between Power and Plenty: Foreign Economic Policies of Advanced Industrial States* (Madison: University of Wisconsin Press, 1978); John Zysman, *Governments, Markets and Growth: Financial Systems and the Politics of Industrial Change* (Ithaca, N.Y.: Cornell University Press, 1983).

coming deeply embedded in the everyday experience of virtually every citizen. Our personal life is structured by the welfare state, and so is the entire political economy. Given the magnitude and centrality of the welfare state, it is indeed unlikely that we shall understand much of contemporary society unless it becomes part of our models. (p. 141)

Welfare states provide resources and incentives to individuals that profoundly influence crucial life choices: what kind of job to take, when to retire or take time off from the paid labor force, how to organize and divide household tasks such as child rearing. The welfare state, Esping-Andersen argues, "is a midwife of post-industrial employment evolution." His central argument is that "different welfare-state/labor-market interactions produce different post-industrial trajectories" (p. 192).

Esping-Andersen's detailed investigation of social policy and occupational structures in the United States, Sweden, and Germany persuasively links public policy structures to the socioeconomic circumstances of mass publics. Emerging variations in the rate of growth of service industries, the relative weight of social services as opposed to personal services, the skill and occupational composition of the labor force, and the distribution of jobs by gender and racial or ethnic background can all be traced in part to previous policy choices. What *The Three Worlds of Welfare Capitalism* does not do in more than a cursory way is investigate how these shifts in the circumstances of mass publics influence political processes. But the importance of the transformations Esping-Andersen identifies suggests that such an investigation would probably yield rich returns.²⁰

The most promising avenue for research is the possibility that policies provide incentives that encourage individuals to act in ways that *lock in a particular path of policy development*. This claim can be derived from the central arguments of Douglass North's *Institutions, Institutional Change and Economic Performance*. North's goal is to explain the failure of economic performance in different countries to converge over time. In a careful but wide-ranging analysis grounded in rational-choice theory, he stresses the ways in which institutional arrangements, once adopted, may lead quite rational actors to behave in ways that are collectively subopti-

²⁰ For an analysis that suggests how such links might be drawn, see Peter Swenson, "Labor and the Limits of the Welfare State: The Politics of Intra-class Conflict and Cross-Class Alliances in Sweden and West Germany," *Comparative Politics* 23, no. 4 (1991). Esping-Andersen himself did explore the political consequences of policy choices in an earlier work, *Politics against Markets: The Social Democratic Road to Power* (Princeton: Princeton University Press, 1985). This analysis is rather murky on the question of exactly how policy feedback influences political change. In Esping-Andersen's account policies seem to provide some combination of resources, material incentives, and cognitive signals that encourage certain patterns of political behavior.

mal. In developing his argument, North draws heavily on economic historians' discussions of the development of technology. I will begin by summarizing this research, will review North's application of the analysis to institutions, and then will suggest how it can be extended to the study of policy feedback.²¹

Economic historians using the assumptions of neoclassical economics have recently demonstrated that under certain conditions the development of technology will not proceed toward the most economically efficient alternatives. The "QWERTY" typewriter keyboard is a classic example. Although more efficient alternatives to QWERTY quickly emerged, there were strong pressures to develop an industry standard. In this instance, being relatively well established was more important than being best. Alternative keyboard types could not gain a foothold in the industry, and the QWERTY standard was effectively locked in.²² Under what conditions are such outcomes likely? Brian Arthur has identified the following factors:

—*Large set-up or fixed costs.* If initial costs are a high proportion of total expenses, there are likely to be increasing returns to further investment in a given technology, providing individuals with a strong incentive to identify and stick with a single option.

—*Learning effects.* Large learning effects, which may lower product costs or improve their use as prevalence increases, provide an additional source of increasing returns.

—*Coordination effects.* In many cases, the advantages an individual derives from a particular activity depend on the action of others. These effects may encourage coordination with others in adopting a single option.

—*Adaptive expectations.* If it is important for individuals to "pick the right horse"—because options that fail to win broad acceptance will have drawbacks later on—individual expectations about usage patterns may become self-fulfilling.²³

The existence of lock-in effects in the development of technology is now generally accepted, but one can legitimately ask whether this excursion into economic history has any relevance to the current discussion. North argues persuasively that it does. The factors Arthur identifies as contributing to technological lock-in—increasing returns and high fixed costs, learning effects, coordination effects, and adaptive expectations—

²¹ For a more complete summary, see North, 93–95.

²² Paul David, "Clio and the Economics of QWERTY," *American Economic Review* 75 (May 1985).

²³ W. Brian Arthur, "Self-Reinforcing Mechanisms in Economics," in Philip W. Anderson, Kenneth J. Arrow, and David Pines, eds., *The Economy as an Evolving Complex System* (Reading, Mass.: Addison-Wesley, 1988); W. Brian Arthur, "Competing Technologies, Increasing Returns, and Lock-In by Historical Events," *Economic Journal* 99 (March 1989).

are often characteristic of institutions. Consequently, one could anticipate the same kinds of historical processes, in which initial choice of institutional design had long-term implications for economic and political performance.

This argument can easily be applied to public policies as well. North defines institutions broadly as “the rules of the game in a society or, more formally, . . . the humanly devised constraints that shape human interaction” (p. 3). This definition would seem to encompass public policies as well as what we conventionally recognize as institutions, since policies clearly do establish rules and create constraints that shape behavior. The specific example North uses to illustrate his argument about path dependence is instructive. The Northwest Ordinance was a quasi-constitutional initiative, outlining the basic rules of the game for “the governance and settlement of the vast area of land in the West and . . . a framework by which the territories would be integrated into the new nation” (p. 97). In this respect, it resembles a formal institution. However, the Northwest Ordinance was also “a specific legislative enactment”—that is, a public policy.

By choosing such a legalistic, foundational initiative that created such straightforward rules of the game, North obscures the broad application of his argument to policy feedback. Policies may create incentives that encourage the emergence of elaborate social and economic networks, greatly increasing the cost of adopting once-possible alternatives and inhibiting exit from a current policy path. Major policy initiatives have major social consequences. Individuals make important commitments in response to certain types of government action. These commitments, in turn, may vastly increase the disruption caused by new policies, effectively “locking in” previous decisions.

Like more formal institutions, public policies operating in a context of complex social interdependence will often generate increasing returns as well as high fixed costs, learning effects, coordination effects, and adaptive expectations. For example, housing and transportation policies in the United States after World War II encouraged massive investments in particular spatial patterns of work, consumption, and residence. Once in place, these patterns sharply constrained the alternatives available to policymakers on issues ranging from energy policy to school desegregation.²⁴

Many of the individual commitments that locked in suburbanization

²⁴ Kenneth T. Jackson, *Crabgrass Frontier: The Suburbanization of the United States* (Cambridge: Oxford University Press, 1985), esp. chap. 11; Michael N. Danielson, *The Politics of Exclusion* (New York: Columbia University Press, 1976).

were literally cast in concrete, but this need not be the case. Policies may encourage individuals to develop particular skills, make certain kinds of investments, purchase certain kinds of goods, or devote time and money to certain kinds of organizations. All these decisions generate sunk costs. That is to say, they create commitments. In many contexts, policies may push individual behavior onto paths that are hard to reverse.

Research on Reagan and Thatcher's social policies provides a good illustration of the wide scope of these policy feedbacks.²⁵ Reagan's inability to restructure public pensions can be partly attributed to lock-in processes. Since 1939, Social Security in the United States has operated on a pay-as-you-go basis: current benefits are paid out of current contributions; each working generation pays for the previous generation's retirement. Once such a system matures, it becomes essentially locked-in. Because the currently retired generation has made irreversible commitments based on the existence of a public system of old-age pensions, moving to a private system (which would necessarily be financed by earnings on invested contributions) creates a "double-payment problem"; current workers would have to finance both their parents' retirement and their own. This made any major privatization initiative in the United States unthinkable. By contrast, because of the constant alternation of Conservative and Labour governments during the 1960s and 1970s, Britain failed to develop a mature earnings-related scheme. With the "double-payment" problem far less prominent, the Thatcher government did not face the policy lock-in confronted by Reagan, and was able to engineer a major shift in policy toward private provision of retirement income.

In contrast to the other "feedback" examined here, this discussion of lock-in has generally not drawn on the political science literature concerned with public policy determination. Analysts have been slow to build an examination of lock-in processes into their models of political development.²⁶ Instead, groundbreaking work has been done by economic historians and students of industrial organization. One reason for this lack of attention is that feedback effects of this kind have a tendency to depoliticize issues. By accelerating the momentum behind one policy path, they render previously viable alternatives implausible. The result

²⁵ Paul Pierson, " 'Policy Feedbacks' and Political Change: Contrasting Reagan and Thatcher's Pension-Reform Initiatives," *Studies in American Political Development* 6 (Fall 1992).

²⁶ Interestingly, within political science the idea of "lock-ins" (though focusing on institutions rather than policies) has mainly been utilized in the field of international relations. See for example Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton: Princeton University Press, 1984), 100–106. Keohane draws on Arthur Stinchcombe's analysis of sunk costs. See Stinchcombe, *Constructing Social Theories* (New York: Harcourt, Brace, 1968), 120–25.

is often not conflict over the foregone alternative (which political scientists would generally be quick to identify), but the absence of conflict. In Bachrach and Baratz's terms, "lock-in" leads to "non-decisions."²⁷ Another problem is that comparative analysis is probably required to study policy lock-ins. An analyst needs a comparative case where lock-in has not occurred to identify the political effects of policy feedbacks.

Instances of "policy lock-in" are probably widespread. Many public policies create or extend patterns of complex social interdependence in which microeconomic models of isolated, independent individuals smoothly and efficiently adapting to new conditions do not apply.²⁸ Future research should strive to identify the circumstances under which policy initiatives are likely to produce lock-in, altering the prospects for new initiatives at a later date. The characteristics identified by David, modified to incorporate aspects of social as well as technological complexity, provide an excellent starting point for this research. Lock-in effects are likely to be important when public policies encourage individuals to make significant investments that are not easily reversed, and when actors have strong incentives to coordinate their activities and to adopt prevailing or anticipated standards. Policies that involve high levels of interdependence and where intervention stretches over long periods are particularly likely sites for lock-in effects. Infrastructure policies (communications, transportation, and housing) are good examples, but the pensions case considered above raises the prospect of considerably broader applications.

Policies do create powerful packages of resources and incentives that influence the positions of interest groups, government elites, and individual social actors in politically consequential ways. However, analysts have so far failed to tap the full range of these arguments, and efforts to develop and test clear claims about the generalizability of many of these feedback effects have hardly begun. I now want to suggest that the existence of a range of arguments emphasizing the "interpretive effects of public policies"—the impact of policies on the cognitive processes of social actors—further complicates the task. In some cases, these arguments constitute explanatory alternatives to the arguments already con-

²⁷ Peter Bachrach and Morton Baratz, "Two Faces of Power," *American Political Science Review* 56 (1962).

²⁸ For a pathbreaking study of networks of social interdependence, see Thomas C. Schelling, *Micromotives and Macrobehavior* (New York: W. W. Norton, 1978). The contribution of public policies to the development of these social networks is discussed in more detail in Fred Hirsch, *Social Limits to Growth* (Cambridge: Harvard University Press, 1976); and Alfred E. Kahn, "The Tyranny of Small Decisions: Market Failures, Imperfections, and the Limits of Economics," *Kyklos* 19 (1966).

sidered; in other cases, they offer promising opportunities to supplement or enrich those accounts.

POLICIES AS SOURCES OF INFORMATION AND MEANING

Interpretive arguments stress that an exclusive focus on material resources and incentives is psychologically anemic.²⁹ The process through which individuals choose a course of action does not involve a simple calculation of easily discernible costs and benefits. A viable theory of action must take into account the fact that all actors have to cope with overwhelming complexity and uncertainty, and that they use a wide range of cognitive shortcuts in order to make sense of the social world. Furthermore, analysts must recognize that knowledge itself is a critically scarce resource, distributed in a highly unequal fashion. Starting from an emphasis on problems of interpretation leads to quite different questions about the impact of “the rules of the game.” How do these rules (in this case, public policies) influence the manner in which social actors make sense of their environment? How do policies influence the distribution of information, and the impact of that distribution on political outcomes?

PUBLIC POLICIES AND LEARNING EFFECTS

To date, applying an interpretive approach to policy feedback has generally meant depicting policy development as a process of political learning. A number of scholars have stressed the importance of “learning effects” in policy-making. Political learning arguments focus on individuals at or near the center of the policy-making process and emphasize problems of bounded rationality and uncertainty. Hugh Heclo summarized this perspective in an early but still influential formulation:

Politics finds its sources not only in power but also in uncertainty—men collectively wondering what to do. Finding feasible courses of action includes, but is more than, locating which way the vectors of political pressure are pushing. Governments not only “power” (or whatever the verb form of that approach might be); they also puzzle. Policy-making is a form of collective puzzlement on society’s behalf; it entails both deciding and knowing.³⁰

²⁹ For an introduction to the ways in which these kinds of arguments are reshaping institutional analysis, see March and Olsen (fn. 2); and Walter W. Powell and Paul J. DiMaggio, eds., *The New Institutionalism in Organizational Analysis* (Chicago: University of Chicago Press, 1991).

³⁰ Hugh Heclo, *Modern Social Politics in Britain and Sweden* (New Haven: Yale University Press, 1974), 305.

Implicitly or explicitly, policy learning arguments build on work in decision-making and organizational theory that emphasizes the variety of techniques (e.g., satisficing, incrementalism) used to cope with limited cognitive capacities.³¹

The depiction of political development as a learning process is sometimes presented in sweeping terms. Heclo, for example, talks of “social learning” and “political learning” and identifies a number of sources of such effects. Prominent among them, however, is the impact of previously adopted public policies, and it is these “policy-learning” effects that are relevant here. Important political actors may become aware of problems as a result of their experiences with past initiatives. The setting of a new agenda and the design of alternative responses may build on (perceived) past successes or may reflect lessons learned from past mistakes.

Heclo’s study of the Swedish and British welfare states was the first sustained effort to investigate this dimension of policy feedback. Although he acknowledged that there were other important sources of learning, he identified the impact of previous policy as “probably [the] most pervasive manifestation of political learning in the development of social policy.”³² According to Heclo, policymakers have tended to frame new problems in terms that make it possible to draw on already established policy designs:

Policymakers may not exactly salivate at the sound of the usual bell, but there is something of a conditioned reflex in a great deal of their behavior. Once implemented, a technique such as social insurance has tended to be readopted, to be considered the “natural” policy response for other types of income risk. . . . The incrementalism pervasive in policy making is one manifestation of the more general tendency to respond by analogizing. Typically, steps taken with regard to a new situation are small (compared to the almost infinite variety of possible responses) because the new situation is responded to like something already known, or some element of it. It is this facet of learning that more than anything lies at the heart of the essentially liberal continuity evident in social policy since the first insurance efforts to deal with the cumulative insecurity of industrial society. The inheritance of income maintenance policies has served as a path through the immense complexity facing social policy makers and has facilitated the creation of subsequent responses.³³

In this passage, the link to the work of Simon, Lindblom, and others on incrementalism is particularly clear. Overwhelmed by the complexity of

³¹ See, for example, Herbert A. Simon, *Models of Man* (New York: Wiley, 1957); Charles E. Lindblom, “The ‘Science’ of Muddling Through,” *Public Administration Review* 19 (Spring 1959); and James G. March, “Bounded Rationality, Ambiguity, and the Engineering of Choice,” *Bell Journal of Economics* 9 (Autumn 1978).

³² Heclo (fn. 30), 315.

³³ *Ibid.*, 315–16.

the problems they confront, decision makers lean heavily on preexisting policy frameworks, adjusting only at the margins to accommodate distinctive features of new situations.

These learning processes emerge as a significant theme in *The Political Power of Economic Ideas*, edited by Peter Hall. Noting that, despite perceptions of a sweeping “Keynesian revolution,” the reception of Keynes’ ideas was highly uneven across nations, Hall and his collaborators seek to uncover the reasons for this variation. Among the factors considered in this rich volume is the impact of “prior experience with related policies . . .”—the hypothesis that “states will be predisposed towards policies with which they already have some favorable experience, and even the demands of political parties and interest groups may be based on their conceptions of . . . existing policy legacies” (p. 11). Bradford Lee, for example, argues that the resistance of French, British, and American policymakers to proto-Keynesian ideas in the early 1930s was rooted in “lessons” learned from previous experiences, such as the inflationary policies followed after World War I and the escalating demands for redistribution that many political actors linked to the growth of the modern state.³⁴

Lee’s argument suggests that an incremental, cumulative process is not the only possible form of policy learning. Policymakers may also react negatively to previous policies, fashioning new initiatives to address perceived failures. Heclø makes room in his account for negative learning, noting that “probably the single most important force molding the policies discussed in this volume was the reaction against the poor law. Without exception, the point of departure for reformers of all parties in both Britain and Sweden was the desire to find something better than the opprobrious poor law for the deserving poor.”³⁵

Although she does not employ the language of policy learning, this is in essence the process described in Skocpol’s analysis of Civil War pensions in the United States (pp. 155–58, 531–33).³⁶ Perceived by key middle-class reformers as a scandalous example of patronage politics, Civil War pensions were not used as a blueprint for new, incremental extensions of government activity. On the contrary, important political actors drew negative conclusions, which served as a check on the emer-

³⁴ Bradford A. Lee, “The Miscarriage of Necessity and Invention: Proto-Keynesianism and Democratic States in the 1930s,” in Hall, 129–70.

³⁵ Heclø (fn. 30), 317.

³⁶ See also Ann Shola Orloff and Theda Skocpol, “‘Why Not Equal Protection?’: Explaining the Politics of Public Social Spending in Britain, 1900–1911, and the United States, 1880s–1920,” *American Sociological Review* 49 (December 1984); and Ann Shola Orloff, “The Political Origins of America’s Belated Welfare State,” in Margaret Weir, Ann Shola Orloff, and Theda Skocpol, eds, *The Politics of Social Policy in the United States* (Princeton: Princeton University Press, 1988).

gence of significant federal social expenditure programs in the pre-New Deal era. Negative learning had a major impact on the policy agendas and political strategies of middle-class reform groups.

Despite the appeal of this line of argument, there are several difficulties in the work on policy learning. First, there are uncertainties about who is doing the learning. Heclo's account stresses the role of civil servants: "Forced to choose one group among all the separate political factors as most consistently important . . . the bureaucracies of Britain and Sweden loom predominant in the policies studied." Most influential, he adds, are "middlemen at the interfaces of various groups. These have been men with transcendable group commitments, in but not always of their host body."³⁷ The process Heclo describes is one populated by experts working in small groups to develop new policy blueprints. However, social groups, like bureaucrats and politicians, may derive lessons from previous initiatives. It is the former who are judged to be of particular importance in Skocpol's account.

There are questions, then, about the circumstances under which "learning effects" on state actors or social groups will be most important. Hall makes progress on this issue in a recent essay, distinguishing three levels of policy change, and arguing that the learning process will not be identical in the three cases.³⁸ First-order change alters the settings of policy instruments while the instruments used and the goals of policy remain constant. Second-order change modifies instruments as well as settings; while third-order change, which marks a clear break with past practice, involves simultaneous shifts in settings, instruments, and goals. Hall argues that in the relatively incremental processes of first- and second-order change, the learning process is likely to be highly technical and relatively insulated, with bureaucrats playing a central role. Third-order change, by contrast, involves a wider range of actors and is more "sociological" and "political" in character.

Hall's effort to disaggregate broad concepts like policy learning and develop more specific propositions about when a particular feedback will operate is precisely what is needed to push the discussion forward. Although one would need to look beyond Hall's single case of macroeconomic policymaking for further support, this claim that major departures from past policies are likely to involve a broader range of political actors and increased contestation seems plausible. But Hall's account

³⁷ Heclo (fn. 30), 301, 308.

³⁸ Peter A. Hall, "Policy Paradigms, Social Learning and the State: The Case of Economic Policy-Making in Britain," *Comparative Politics* (forthcoming). See also idem, "Conclusion: The Politics of Keynesian Ideas," in Hall, 361–91.

does raise the serious question of whether the most interesting process (third-order change), which involves the mobilization of substantial political resources in favor of a new policy agenda, can best be described as a process of learning.

A second difficult issue for policy-learning arguments regards the dynamics of the learning process. Why does "learning" sometimes produce positive conclusions and incremental policy change and at other times generate negative conclusions and reactive policy shifts? As Hall acknowledges, "It is all very well to say that policy makers are influenced by the lessons drawn from past policy experiences, but the lessons that history provides us with are always ambiguous" (p. 362). Although hindsight may lead one to say "success" encourages repetition, defining success and failure is necessarily a sociological and political process. Two prominent examples from recent American history illustrate the problem. The key policy decisions of the Johnson administration—the pursuit of a war in Vietnam and the pursuit of a "War on Poverty" at home—have been widely held to contain "lessons" of relevance to future policy. However, the nature of the appropriate lessons is unclear and bitterly contested.³⁹

Hall's account does offer some suggestions about when policies are likely to be perceived as failures. Drawing on Kuhn's concept of scientific paradigms, he argues that learning connected to third-order change (paradigm shifts, or what I have here termed negative learning) is likely "to involve the appearance of anomalies, . . . developments that are not fully comprehensible, even as puzzles, within the terms of the [existing] paradigm." But it remains unclear whether this provides a clear guide, except perhaps *ex post*, to the circumstances when policies will be regarded as failures. The complexity and multiplicity of policy interventions, combined with the uncertainty of the links between interventions and outcomes, will generally leave considerable room for dispute.⁴⁰

The fact that policy "success" is often contested suggests a substantial indeterminacy to the learning process. Perhaps the best way to describe the impact of public policies is to say that they provide part of what Ann Swidler has called a "tool kit" of symbols and arguments that actors use

³⁹ On Vietnam, see David Fromkin and James Chace, "What Are the Lessons of Vietnam?" *Foreign Affairs* 63 (Spring 1985). On the War on Poverty, consider the contrasting lessons drawn in Charles Murray, *Losing Ground: American Social Policy, 1950–1980* (New York: Basic Books, 1984); and John E. Schwartz, *America's Hidden Success: A Reassessment of Public Policy from Kennedy to Reagan*, rev. ed. (New York: W. W. Norton, 1987). I am grateful to Peter Hall for suggesting these examples to me.

⁴⁰ Henry J. Aaron, *Politics and the Professors: The Great Society in Perspective* (Washington, D.C.: Brookings Institution, 1978).

in their efforts to assemble meaningful interpretations of the world around them.⁴¹ Robert Jervis has stressed that because individuals seek to maintain cognitive consistency, they are strongly inclined “to fit incoming information into pre-existing beliefs and to perceive what they expect to be there,” to “ignore information that does not fit,” or to “twist it so that it confirms” beliefs already held.⁴² Swidler’s and Jervis’s arguments suggest that proponents of policy-learning arguments face a daunting task. Past policies do help frame discussions of new initiatives, but not in any straightforward fashion. To be convincing, policy learning arguments must offer clearer propositions about the conditions that lead particular actors to view previous initiatives in positive or negative terms. Further, they need to show that the policies have some significant *independent* impact on actors’ political behavior, rather than simply contributing to actors’ accounts of their actions.

Finally, there is a pressing need to establish the range of circumstances under which policy-learning arguments are likely to be persuasive. If governments both “power” and “puzzle,” when should we expect to see one process or the other predominate? In this respect, policy-learning arguments have also suffered from an emphasis on *illustrating* processes rather than establishing the frequency of those processes. Because arguments about policy learning have been developed largely through single case studies (or, for Heclo, a multicase study in which learning was claimed to be central in each instance), the question of this phenomenon’s scope has hardly been asked, much less answered. Yet surely this is a critical concern.

Amenta et al.’s study of the early development of unemployment insurance in individual states in the United States is a promising first attempt to confront this problem.⁴³ By adopting a multicase study design, involving five relatively developed states, the authors were able to assess the usefulness of policy-learning arguments for explaining the timing and design of state initiatives. Wisconsin’s early adoption of unemployment insurance is plausibly attributed, in part, to the prior development there of an extensive policy network with experience in the promotion of such policies. At the same time, Amenta et al.’s analysis suggests that a full explanation of policy outcomes must move beyond policy-learning

⁴¹ Ann Swidler, “Culture in Action: Symbols and Strategies,” *American Sociological Review* 51 (April 1986).

⁴² Robert Jervis, *Perception and Misperception in International Politics* (Princeton: Princeton University Press, 1976), 143.

⁴³ Edwin Amenta, Elisabeth S. Clemens, Jefren Olsen, Sunita Parikh, and Theda Skocpol, “The Political Origins of Unemployment Insurance in Five American States,” *Studies in American Political Development* 2 (1987).

arguments to examine prospects for successful coalition formation. Support among experts for unemployment insurance was of limited use in the absence of strong backing within state legislatures.

The Hall volume represents a second effort to place policy-learning arguments in a broad comparative framework, since it investigates the dissemination of Keynesian ideas in a number of countries. On my reading, the results are disappointing for those who would stress this dimension of policy feedback. Of the empirical essays, only Lee's puts heavy emphasis on policymakers' experience with prior policies, and his efforts to link specific policies with later political processes are sketchy at best. In Hall's concluding essay, which advances a complex explanation for the reception of Keynesian ideas, policy-learning arguments recede into the background. Hall lists "collective associations with similar policies" as one of several factors affecting the political viability of Keynesian proposals, but his account places more weight on party structures, the interests of potential coalition partners, and the reputations of Keynesianism's exponents. Further, he stresses that political viability is only one part of a complete explanation: Keynesian proposals needed to pass tests of economic and administrative viability as well. In contrast to Hall's single-case study of British policy-making, this cross-national investigation suggests a limited role for policy-learning effects.

While making some progress on the question of how learning effects may interact with other variables, even these multicase studies could make limited progress on the scope question because they looked at only one type of policy. Determining when learning effects are likely to be prominent will require carefully designed research projects comparing different types of policies and different policy-making environments. While a detailed examination of such a research agenda is not possible here, a few plausible and illustrative hypotheses can be suggested.

First, the degree of *insulation of decision makers* is likely to be important. Learning processes are more likely to be prominent when a small number of actors are involved.⁴⁴ Widening the scope of conflict increases the chances for disagreement and hence the decisiveness of political resources.⁴⁵ Analysts need to think about the characteristics of policies that are conducive to relatively insulated policy-making.

⁴⁴ This perhaps explains why students of foreign policy-making, which often features decision making by small groups or even single individuals, have had a particular interest in learning processes. See the literature reviewed in Yuen Foong Khong, *Analogies at War: Korea, Munich, Dien Bien Phu, and the Vietnam Decisions of 1965* (Princeton: Princeton University Press, 1992), chap. 1. Khong's work offers an ambitious and thoughtful attempt to address many of the objections to learning arguments.

⁴⁵ On the importance of the scope of conflict, see E. E. Schattschneider, *The Semisovereign People* (New York: Holt, Reinhart, and Winston, 1960).

A second factor of significance may be *policy complexity*. The greater the technical proficiency required to understand an issue and possible policy responses, the greater the likelihood that learning effects stemming from social investigation and analysis will be prominent. As I will discuss in more detail below, some government activities involve rather direct connections between policy and outcomes (e.g., the relationship between the legality of abortion and the options available to pregnant women; the relationship between pension benefits and the financial status of the elderly), while in other cases the causal chains are more complex and uncertain (e.g., the relationship between educational policy and economic competitiveness). Where policies are not complex, “puzzling” is likely to give way to “powering.” An argument about the role of policy learning may be far more persuasive in accounting for changes in educational policy than it will be in explaining policy covering abortion.

Finally, it is very likely that policy learning plays a different role at different *stages of the policy-making process*. Learning effects will be most apparent in the specification of alternatives, since this is when detailed knowledge is most crucial.⁴⁶ The heavy weight Heclø gives to learning effects and bureaucratic influence stems partly from his desire to account for the identification and development of specific policy alternatives rather than more general policy orientations.⁴⁷ Agenda-setting and the final choice of policies are likely to be the result of other kinds of influences. If so, this suggests an important limit to the scope of policy-learning arguments.

The work of Hall, Amenta, and their colleagues indicates a growing interest in fleshing out the insights of a policy-learning approach; but they only begin the process of producing answers to the questions of when, where and how policy-learning effects might be important. To determine the scope of learning arguments, scholars need to disaggregate policy-making along two dimensions. Disaggregating policy-making *temporally* (along the standard lines of agenda setting, alternative specification, policy choice, and implementation) will permit an evaluation of policy learning’s role at different stages of the political process. The design of alternatives is clearly important, but to date we know little about the role of policy learning beyond that realm. To what extent are learning effects important in explaining the agendas, or final policy choices, made by governments? Disaggregating *across policies* will also contribute

⁴⁶ Kingdon makes this point in his careful study of the policy-making process. John Kingdon, *Agendas, Alternatives, and Public Policies* (Boston: Little, Brown, 1984).

⁴⁷ See Heclø’s discussion of party and interest group influence (fn. 30), 293–301.

to an understanding of the true scope of learning arguments. Past investigations have often examined areas of very complex policy-making where expertise is at a premium (Hall's work on macroeconomic policy being a good example). To what extent, if any, can learning arguments be applied to policy areas where expertise may play a less important role (e.g., abortion, immigration, industrial relations)? Should efforts to address these questions be pursued, it is far from clear how powerful policy learning arguments will turn out to be. To date, what we have are plausible accounts of isolated cases.

POLICIES AS SOURCES OF INFORMATION FOR MASS PUBLICS

Given the serious problems with policy-learning arguments, it may be that interpretive accounts, like investigations of resource/incentive feedback, could benefit from a shift in focus towards mass publics rather than policymakers. Policy-learning arguments concentrate on those with a continuing active role in policy-making: high-level bureaucrats and politicians, policy experts, and the leaders of interest groups. But interpretive arguments may help to account for the behavior of a broader set of actors, who are also engaged in efforts to understand the social world and the consequences of their own actions. For the electorate, policies may produce cues that help them develop political identities, goals, and strategies. While policy-learning arguments see policies as the source of models or analogies for policymakers, what is likely to be important for mass publics is the informational content of policies. As James Kuklinski has recently written, "The idea of information has overtaken political scientists."⁴⁸ Political actions must be based on understanding, but our understandings are necessarily constrained by the sheer complexity of the social world and our own limitations of time and cognitive capacity. Yet if there is a growing recognition that knowledge is a scarce and critical political commodity, the integration of this insight into understandings of politics remains more an aspiration than an accomplishment. Nonetheless, the role of public policies in the production and dissemination of information recently has received increased attention.

The specific design of programs may heighten the visibility of some social and political connections while obscuring others. In a context of great social complexity, policies may generate "focusing events" or cues that help social actors to interpret the world around them.⁴⁹ Policy-induced cues may influence an individual's awareness of government

⁴⁸ James H. Kuklinski, "Information and the Study of Politics," in John Ferejohn and James H. Kuklinski, *Information and Democratic Processes*, 391.

⁴⁹ On focusing events, see Kingdon (fn. 46), 99–105.

activity. For example, when the National Aeronautics and Space Administration chose to pursue a manned space shuttle program rather than unmanned alternatives, one important consequence was to greatly increase the attention paid to individual flights. NASA supporters hoped that the heightened visibility would strengthen political support for the space program. The creation of "focusing events" backfired with the *Challenger* disaster, which gravely damaged NASA's reputation. The opposite process can operate as well. Some programs are "quiet"—they do not produce events that generate attention. For instance, many countries provide massive subsidies for various private activities through their tax codes. Unlike on-budget outlays, "tax expenditures" are not subjected to annual legislative scrutiny. Despite their importance, policies designed this way do not produce the focusing events that might place their reform on the political agenda.⁵⁰ It is probably no accident that the benefits of such programs tend to be far more heavily concentrated on small groups of wealthy individuals than are on-budget expenditures.

Harold Wilensky has extended this argument about tax visibility to the whole range of a nation's tax policies. He suggests that whether these policies serve to heighten or obscure tax burdens may be more important politically than the actual level of taxation.⁵¹ Prospects for the development of "tax backlash" movements depend on public perceptions of burdensome taxation. Because indirect taxes are less visible to voters, governments relying on them can maintain higher tax levels than countries that depend more heavily on highly visible taxes such as the income tax.

This argument may be widely applicable. In *The Rise and Fall of the Great Powers*, Paul Kennedy devotes a chapter to the European conflicts from 1660 to 1815, with particular attention to the struggles between Britain and France. Kennedy's explanation for Britain's ultimate triumph in the lengthy and costly competition places significant weight on Britain's superior financial position. That superiority, in turn, is attributed in large part to the difference in visibility between the tax systems of the two rivals, which allowed a less populous Britain to produce more revenue with less public discontent.

While it is true that its general taxation system was more regressive than that of France—that is, it relied far more upon indirect than direct taxes—particular features seem to have made it much less resented by the public.

⁵⁰ See, for example, Herman B. Leonard, *Checks Unbalanced: The Quiet Side of Public Spending* (New York: Basic Books, 1986), chap. 4.

⁵¹ Harold Wilensky, *The New Corporatism, Centralization, and the Welfare State* (Beverly Hills, Calif.: Sage, 1976). See also Douglas A. Hibbs, Jr., and Henrik Jess Madsen, "Public Reactions to the Growth of Taxation and Government Expenditure," *World Politics* 33 (April 1981).

For example, there was in Britain nothing like the vast array of French tax farmers, collectors, and other middlemen; many of the British duties were “invisible” (the excise duty on a few basic products), or appeared to hurt the foreigner (customs); there were no *internal* tolls, which so irritated French merchants . . . the British land tax—the chief direct tax for so much of the eighteenth century—allowed for no privileged exceptions and was also “invisible” to the greater part of society.⁵²

In common with policy-learning arguments, these analyses focus on the signals that policies send to political actors. These signals may influence individuals’ perceptions about what their interests are, whether their representatives are protecting those interests, who their allies might be, and what political strategies are promising. Besides broadening the range of actors considered, this approach has a significant additional advantage over a focus on policy learning. Not only does it acknowledge that all policy-making takes place in a context of information constraints, but it recognizes that the distribution of this information is often highly unequal. The emphasis of these arguments is on how *information asymmetries* create space for the strategic manipulation of policy design. Knowledge is indeed power, and the fact that policy structures can influence the role and availability of information makes this an important and contested aspect of policy development. To rephrase Heclo, “powering” and “puzzling” are often part of the same process; power can be utilized to facilitate or impede actors’ efforts to understand the consequences of public policies.

Yet beyond rather vague formulations, such as the suggestions that some policies are “visible” and others are not or that some policies generate “focusing events” and others do not, there was until recently little systematic discussion of the characteristics of initiatives that produce particular “cues” for social actors. However, political scientists are now making significant progress on several fronts. R. Kent Weaver’s work on blame avoidance indicated that policymakers will take steps, including the redesign of policies, to modify public awareness of their actions, depending on whether or not they expect those actions to be popular.⁵³ Douglas Arnold has stressed the importance of the electorate’s capacity to link particular effects, whether positive or negative, with the actions of individual politicians.⁵⁴

⁵² Paul Kennedy, *The Rise and Fall of the Great Powers* (New York: Random House, 1987), 80–81.

⁵³ R. Kent Weaver, “The Politics of Blame Avoidance,” *Journal of Public Policy* 6 (October–December 1986).

⁵⁴ Douglas Arnold, *The Logic of Congressional Action* (New Haven: Yale University Press, 1990).

According to Arnold, two conditions must hold for public policies to generate a response from mass publics. The first condition is *visibility*: voters must experience some discernible outcome that leads them to inquire about the cause of this outcome. The second condition is *traceability*: to respond by rewarding or punishing politicians, the electorate must be able to link that outcome to some governmental action. The critical point is that both visibility and traceability can vary independently of a policy's actual impact and that this variation may be a product of policy design. Specific features determine a policy's *informational content*, influencing both these determinants of the electorate's reaction. Policies that distribute benefits widely and intermittently are less likely to be visible than policies that distribute benefits to a concentrated group and in a single package. Whether those affected are part of a network (e.g., geographical or occupational) allowing communication with others affected (what Arnold has called *proximity*) is another important factor. Homeowners living near a toxic dump and dairy farmers sharing a common profession are each likely to be part of networks that facilitate communication and therefore improve the chances that they will become aware of outcomes that affect them; recipients of disability payments who have their benefits cut are not.

The traceability of policies varies as well. Traceability really involves two distinct tests: can visible outcomes be linked to government policy and can those policies be linked to someone who can be given credit or blame? A crucial factor in linking outcomes to policy, as Arnold notes, is the "length of the causal chain." The more stages and uncertainties that lie between a policy's enactment and a perceived outcome, the less likely it is that those affected will respond politically. Producers, who see a direct link between tariff levels and their own profitability, are much more likely to be activated than consumers, for whom the causal chain is longer. Consumers may not like the prices they pay for goods, but they are unlikely to attribute those prices to government trade policies. In general, the more difficult it is to sort out causal arguments—the more complex the policy—the less likely it is that voters will trace even major problems to specific government decisions.

Policymakers have a significant degree of control over this aspect of traceability. They may choose interventions that create causal chains of varying lengths. Ideally, they would like to design programs for which the benefits involve short causal chains and the costs involve long ones. Time lags, for example, add greatly to the length and complexity of causal chains, so policymakers favor policy designs that front-load benefits and back-load costs.

The second aspect of traceability, linking government action to specific decision makers, may also depend on policy design.⁵⁵ Policies can either illuminate or obscure the role of decision makers. As Weaver has argued, indexation mechanisms, which put particular policies on “automatic,” have proven attractive precisely because they reduce the traceability of outcomes to particular decision makers.⁵⁶ To take another recent example, the intricate legislative history surrounding the evolution of U.S. policy regulating savings and loan institutions made it practically impossible for even the most incensed taxpayer to know which politicians to hold accountable for the massive costs imposed on the Treasury.

There is significant evidence that the information content of policies is important for mass publics and that these feedback effects deserve careful attention. Certainly the ability to raise or lower the profile of their actions for different constituencies would seem to give politicians an important political resource. Unfortunately, the methodological problems associated with this kind of analysis are substantial. It is often difficult enough to measure the most concrete consequences of policies, let alone things as intangible as traceability and visibility. While Arnold’s concept of “causal chains” offers a promising beginning, he acknowledges that the efforts of actors to create these chains are a “subjective process” likely to be highly complex and culturally contingent.⁵⁷ However, one could certainly begin, as scholars have with tax policy, with some fairly simple measures of visible and traceable policy designs and could seek to identify the political consequences of each.

The potential payoff seems well worth the effort. Recall the discussion of resource/incentive feedback on government elites, where I argued that it has been very difficult to establish strong claims about the impact of policy feedback. By contrast, the arguments of Wilensky and others about tax visibility, if correct, would significantly contribute to our understanding of the fiscal resources of states, which Skocpol has claimed tells us “more than could any other single factor about [the state’s] existing (and immediately potential) capacities to create or strengthen state

⁵⁵ This is much more likely to be true in an institutional setting like that of the United States, where the location of accountability is often uncertain. See Paul Pierson and R. Kent Weaver, “Political Institutions and Loss Imposition: Pensions Policy in Britain, Canada and the United States,” in R. Kent Weaver and Burt Rockman, eds., *Do Institutions Matter? Government Capabilities in the U.S. and Abroad* (Washington, D.C.: Brookings Institution, 1993).

⁵⁶ R. Kent Weaver, *Automatic Government: The Politics of Indexation* (Washington, D.C.: Brookings Institution, 1988).

⁵⁷ Arnold (fn. 54), 48n. For an interesting effort to explore this issue, see Deborah Stone, “Causal Stories and the Formation of Policy Agendas,” *Political Science Quarterly* 104 (Summer 1989).

organizations, to employ personnel, to coopt political support, to subsidize economic enterprises, and to fund social programs.”⁵⁸

That potential underscores the basic point of this discussion of interpretive arguments about policy feedback. Policies indeed allocate large quantities of resources and create powerful incentives, but some of their most important effects may be cognitive. The massive scope of public policies assures that they play a significant role in our efforts to understand and act in an enormously complex political world.

AN AGENDA FOR RESEARCH ON POLICY FEEDBACK

The scholarship reviewed in this essay shares a common feature: the claim that policies themselves must be seen as politically consequential structures. The rise of active government leaves little room for doubt about this general proposition. Nonetheless, the fact that policy feedback arguments are now widely applied in divergent national contexts and across a variety of issue-areas drives home the growing importance of this concept to the study of comparative politics.⁵⁹ To take only a few of the examples discussed in this essay, policy feedback arguments have been used to help account for Britain’s triumph over France in the eighteenth century, the development of Sweden’s powerful labor movement, and the failure of New Deal reformers to cement a farmer/worker alliance. In a wide range of circumstances and in numerous ways, policies restructure politics.

This lengthy discussion also reveals the diversity of arguments that lies behind a general claim. Based on the preceding discussion, Figure 1 offers a summary of the dimensions of policy feedback. The summary utilizes a distinction between two main feedback *mechanisms* (resource/incentive effects and interpretive effects) and among three *sets of actors* affected by these mechanisms (government elites, social groups, and mass publics). The framework suggests six separate pathways of influence

⁵⁸ Theda Skocpol, “Bringing the State Back In: Strategies and Analysis in Current Research,” in Evans, Reuschmeyer, and Skocpol (fn. 5), 17.

⁵⁹ For those uninterested in the roots of current politics, policy feedback arguments may nonetheless be useful. The fact that such political consequences of policy design are likely to be discernible to policymakers raises an additional issue that deserves attention: the extent to which decision makers self-consciously design policies to produce particular feedback effects. Especially as government activity becomes widespread, politicians are likely to become aware that policy choices have political consequences. This suggests that feedback effects should not only be incorporated into political analysis because previous policies influence current politics. Current political struggles may well reflect concern over the *future* political consequences of contemporary policy choices. Cognizance of the possible range of such consequences may give analysts important insights into the strategic choices facing contemporary political actors.

running from policies to politics, although several pathways (e.g., the impact of resource/incentive mechanisms on social groups) may involve multiple sources of influence.

This framework indicates where scholars might expect to find significant causal connections between public policies and political developments. It is not, however, an effort to follow the well-known attempts of analysts like Lowi and Wilson to develop an extremely parsimonious theory linking specific policy “types” to particular political outcomes.⁶⁰ The current discussion suggests two reasons why such efforts are unlikely to provide a sound basis for theory building. First, as Figure 1 indicates, individual policies may have a number of politically relevant characteristics, and these characteristics may have a multiplicity of consequences. Second, as a number of studies discussed in this essay suggest, policy feedback rarely operates in isolation from features of the broader political environment (e.g., institutional structures, the dynamics of party systems).⁶¹ The impact of policies is likely to occur in interaction with other variables. For both these reasons, it seems doubtful that we can expect to develop sweeping theories that link a few policy “types” to clearly defined political outcomes. Instead, a more promising strategy is to develop middle-range theories that acknowledge both the complexity of feedback and its context-specific qualities.

This discussion carries some specific implications for research agendas. A greater recognition of the wide scope of possible feedback—and, in particular, of how policy feedback affects mass publics—can strengthen work on the political consequences of public policies. Too often, analysts interested in feedback effects have looked at only one or two possible pathways of influence. Although many of the processes sketched out here will not be important in particular cases, each should be explored. Attention to the impact of policies on individual actors outside the circuit of bureaucrats, politicians, and interest groups is especially urgent. Policies have a major influence on mass publics, generating

⁶⁰ Theodore J. Lowi, “American Business, Public Policy, Case Studies, and Political Theory,” *World Politics* 16 (July 1964); idem, “Four Systems of Policy, Politics, and Choice,” *Public Administration Review* 32 (July–August 1972); James Q. Wilson, *Political Organizations* (New York: Basic Books, 1973), 330–37; and idem, *American Government*, 4th ed. (Lexington, Mass.: D.C. Heath, 1989), 422–47, 590–604.

⁶¹ It is probably no coincidence that the two significant efforts to develop “policies produce politics” typologies have been developed in American politics rather than comparative politics, which allows Lowi and Wilson at least to attempt to “hold constant” elements of the broader political environment. Instructively, Elizabeth Sanders’s study of natural gas regulation argues that Lowi’s typology starts to break down when one studies the dynamics of policy struggles over time. “Regulatory” policy seems to produce different politics in different historical contexts. Sanders, *The Regulation of Natural Gas: Policy and Politics 1938–1978* (Philadelphia: Temple University Press, 1981).

		Actors Affected by Feedback Mechanism		
		government elites	interest groups	mass publics
Type of Mechanism	resource and incentive effects	administrative capacities	"spoils" organizing niches financing access	"lock-in" effects
	interpretive effects	policy learning	policy learning visibility/ traceability	visibility/ traceability

FIGURE 1
THE DIMENSIONS OF POLICY FEEDBACK

patterns of behavior (lock-in effects) and interpretive efforts (attempts to identify policy effects and trace those effects to government decisions) that have significant political repercussions.

The informational content of public policies deserves particular attention. Increasingly, political scientists have recognized that the staggering complexities of modern life make information a critical factor in politics. There has been growing attention to the ways in which institutional structures facilitate or impede information flows and to the role of politicians, parties, and interest groups as transmitters of information to various actors.⁶² Yet we still know relatively little about the contribution of policies themselves to such processes. Because both the visibility and traceability of policies can vary so widely, the informational content of policies is likely to have significant effects on the mobilizing potential of political actors.

Analysts need not give up a concern with the material resources and incentives created by public policies. Indeed, arguments about informational feedback pose far less of a challenge to standard political science frameworks than do arguments that focus on policy learning.⁶³ The lat-

⁶² Ferejohn and Kuklinski (fn. 48); Keith Krehbiel, *Information and Legislative Organization* (Ann Arbor: University of Michigan Press, 1991); Mathew M. McCubbins and Terry Sullivan, eds., *Congress: Structure and Policy* (Cambridge: Cambridge University Press, 1987).

⁶³ For a summary of that challenge, see March and Olsen (fn. 2), chap. 1.

ter require a significant reevaluation of the psychological foundations of individual choice, leading to a thicket of intriguing but perhaps intractable questions. By contrast, the former approach calls only for the incorporation of information into the universe of relevant political resources.

It is no accident that both the arguments I have advanced about policy feedback on mass publics (the production of lock-in effects and the provision of information) draw heavily on work in rational-choice theory. While historical institutionalists have studied state structures and social groups, the use of microeconomic theory leads naturally to a focus on *individual* behavior. Economists have developed powerful models for exploring how different institutional frameworks and resource distributions influence both individual choices and the ways in which individual choices lead to particular aggregate outcomes. Wedded to historical institutionalist arguments about the prominence of public policies and the importance of tracing historical processes, these insights from rational-choice theory offer promising openings for the study of policy feedback on mass publics.

Finally, the diversity of the arguments identified here and the uncertainty regarding the scope of many of them also suggests the need for a more fundamental reexamination of research agendas. While the utility of policy feedback arguments seems clear, there are a great many unanswered questions about the circumstances under which preexisting policies are likely to influence political processes, and about the particular types of influence that are most important. Resolving these issues will require a reformulation of questions. Rather than asking “Do policies produce politics?” we need to ask more precise questions about how policies matter and under what conditions. Getting at the answers will often require careful attention to research design.

This conclusion highlights both the merits and limitations of recent work in historical institutionalism. By now, the merits should be clear. The emergence of arguments about policy feedback has stemmed largely from research that takes structural constraints imposed by government seriously, that utilizes detailed case studies, and that emphasizes that history matters—that political processes should be analyzed over time. As Skocpol puts it:

Too often social scientists . . . forget that policies, once enacted, restructure subsequent political processes. Analysts typically look only for synchronic determinants of policies—for example, in current social interests or in existing political alliances. In addition, however, we must examine patterns unfolding over time. . . . We must make social policies the starting points as well as the end points of analysis. (p. 58)

Because historical institutional analysis encourages intensive scrutiny of specific historical paths, it has been ideally suited to identify the existence of policy feedback mechanisms. The same approach, however, has had greater difficulty in moving to the next phase: establishing the scope of particular mechanisms, and the specific characteristics of policies and the broader context that are likely to make particular mechanisms relevant.

Much can probably be done within a historical institutionalist framework to cope with these problems. More specific questions need to be asked and hypotheses need to be carefully stated. Insights from rational choice theory need to be incorporated. But it is difficult to see how many of these more specific questions can be answered through the use of single-case studies. Investigating many of the most pressing questions may require a reorientation toward the investigation of large samples that would allow the application of statistical techniques.

Political scientists study what they do because they believe that politics matters—that government decisions have major social consequences. It is surely ironic that among the least understood of these consequences are the feedback effects on political life. Much like the formal institutions that have recently received extensive scholarly attention, major policies frame the choices of political actors both by creating resources and incentives and by influencing the efforts of individuals to interpret the social world. Incorporating this insight more systematically into research will greatly enrich our understanding of politics.