

Comparing Political Systems

Week 18: Public Policy

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- ① Recap Interest Groups
- ② Public Policies
- ③ Life and Times of Policies
- ④ Drivers of Policy Making

- ① **Recap Interest Groups**
- ② Public Policies
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- ④ Drivers of Policy Making

Recap Interest Groups

- Main functions of interest groups
 - Preference aggregation and representation.
 - Political socialisation.
 - Policy Influence.
- Interest groups as essential parts of a pluralistic society.
- Different ways to influence policy-making – three faces of power
 - First face of power: direct political action.
 - Second face of power: indirect agenda setting.
 - Third face of power: shaping preferences and ideology.

Recap Interest Groups

- Are interest groups more powerful than others?
- Olson (1965): Interest groups produce public goods, incentives to free ride.
 - Small interest groups with particular interest and homogenous member structure have an advantage.
- Does this lead to biased decision-making?
- "The flaw in the pluralist heaven is that the heavenly chorus sings with a strong upper-class accent." Schattschneider (1960, 35)
- Gilens & Page (2014) test this for the US case:
 - Majoritarian Electoral Democracy
 - Economic-Elite Domination
 - Majoritarian Pluralism
 - Biased Pluralism

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Question for today's session

But how does policy-making work in general?

- ① Recap Interest Groups
- ② **Public Policies**
- ③ Life and Times of Policies
- ④ Drivers of Policy Making

Public Policies

- The three famous Ps...

Polity

Democracy vs. autocracy, electoral systems, federalism, constitutions and legal systems... Institutions.

Politics

Party competition, voting dynamics, interest group influence... Processes.

Policy

Political outputs, legislation...

Public Policies

- What is a policy?
- One definition: „Any sort of legally binding rules enacted by elected policymakers in order to solve a particular societal problem“ (Tosun 2013)
- But:
 - Autocratic regimes adopt policies as well.
 - Not all policies are legally binding.
 - Sometimes policies are enacted without a respective problem.
- "Public policy is whatever governments choose to do or not to do."
(Dye 1976)

Public Policies

- What types of policy do exist?

Public Policies

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Type of Policy	Definition	Examples
Regulatory policies	Policies specifying conditions and constraints for individual and collective behaviour	Environmental protection; consumer protection
Distributive policies	Policies distributing new (state) resources	Farm subsidies; local infrastructure such as highways and schools
Redistributive policies	Policies modifying the distribution of existing resources	Welfare; land reform; progressive taxation
Constituent policies	Policies creating or modifying the state's institutions	Changes of procedural rules of parliament; creation of new agencies

Public Policies

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- Other policies that do not directly fit this classical differentiation:
- Symbolic policies

Public Policies

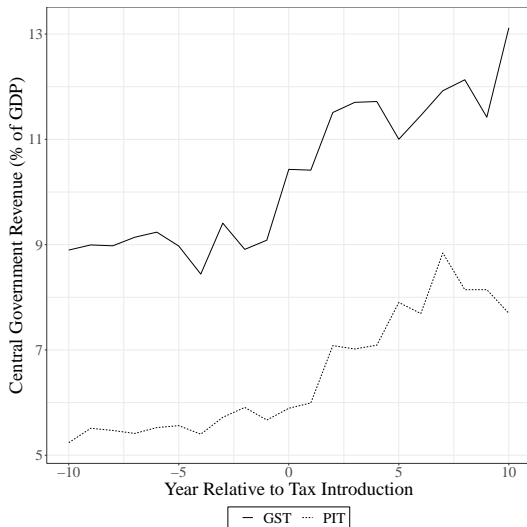
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Source: Tagesspiegel (2018)

Public Policies

- Other policies that do not directly fit this classical differentiation:
- Extractive policies



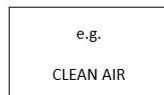
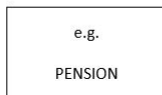
Public Policies

- Legislative acts are not policies, but only containers of policies.

Policy field



Policy subfield



Law/Legislation



Public Policies

- How can we differentiate between levels of policy change?
- Hall (1993): Three different types of change.
 - First-order change (routine adjustments to existing policies).
 - Second-order (changes in the policy instruments used to achieve shared goals).
 - Third-order change (shifts in the goals themselves).

Public Policies

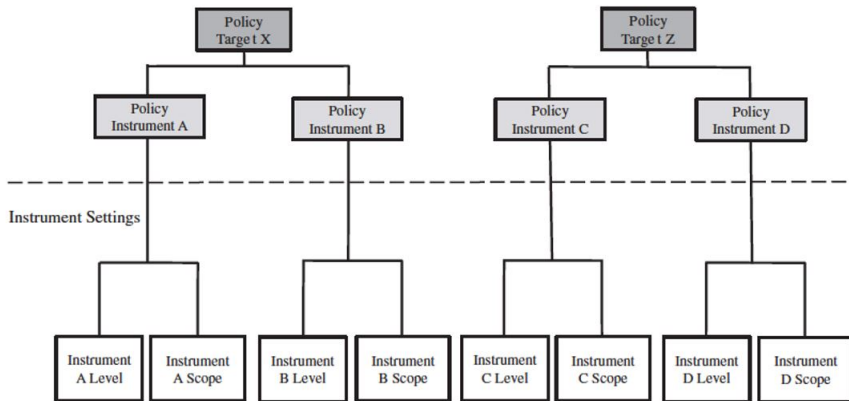


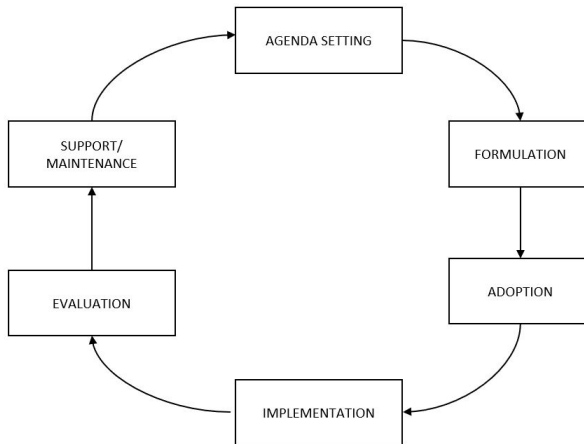
Figure 1 Structural elements, instrument settings, and their interconnection.

Source: Steinebach (2019)

- ① Recap Interest Groups
- ② Public Policies
- ③ **Life and Times of Policies**
- ④ Drivers of Policy Making

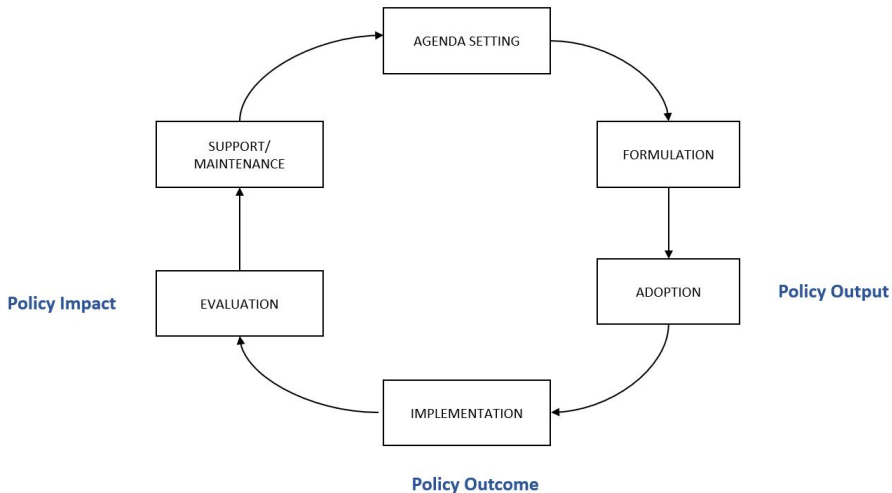
Life and Times of Policies

- Central concepts: Policy Cycle



Life and Times of Policies

- Central concepts: Policy Cycle



Life and Times of Policies

- Single policy output not the only factor leading to outcome.
- Other potential sources of influence: Implementation, other policies in place, socio-economic developments.
- Example: Clean air regulation. Does it lead to better environmental quality?
 - Who checks emissions? (Think about VW example from two weeks ago)
 - Are other regulations in place for water etc.?
 - General economic development?

- ① Recap Interest Groups
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- ③ Life and Times of Policies
- ④ **Drivers of Policy Making**

Drivers of Policy Making

- Domestically: Most of the factors analysed in this course so far can help to understand public policy.
 - Democratic/authoritarian rule.
 - Legislative institutions.
 - Different forms of executive rule.
 - Constitutional and legal institutions.
 - Federalist structures.
 - Political competition/partisanship.
 - Voter Preferences.
 - Bureaucratic structures.
 - Interest group influence.
- In addition: Domestic problem pressure.

Drivers of Policy Making

- However, domestic factors are not the only drivers of policies.
- Scholars have become particularly interested in international interdependencies.
- Many names for this phenomenon: policy transfer, policy diffusion, policy interdependencies.
- General idea: policy making in state A affects policy making in state B (and vice versa).
- Four mechanisms: Competition, coercion, learning, emulation.

Drivers of Policy Making

- Competition
 - Competition over scarce movable goods (e.g. capital, high-skilled workers) or market shares (e.g. exporting cars).
 - External effects of domestic policies on other countries.
 - International cooperation as a prisoner's dilemma.
 - Equilibrium policy more liberal than individually preferred – "Race to the bottom"
- Take, for instance, competition over corporate income tax rates.

Drivers of Policy Making

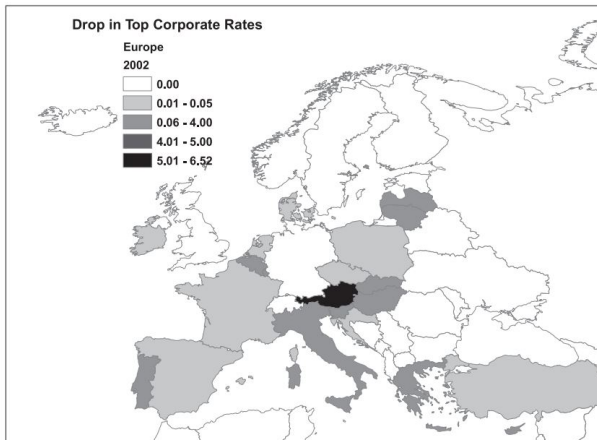


FIG 5. Drop in Top Corporate Tax Rates in 2002 Induced by an Increase of 10% in Unemployment Rates in Austria in 2001 through Competition in the Network of Portfolio Investments (assuming 1-year lag for the competition effects to take place)

(Source: Cao 2010)

Drivers of Policy Making

- Coercion

- Power asymmetries between countries.
- Different channels of coercion: direct and bilateral or indirect via intermediates (IOs).
- Softer and harder approaches.



(Source: Politico 2015)

Drivers of Policy Making

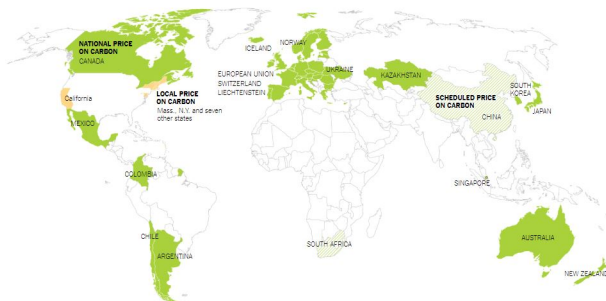
- Learning
 - Other countries experience generates new information.
 - Different assumptions on complexity and rationality.
 - Who learns what from whom?

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These Countries Have Prices on Carbon. Are They Working?

By BRAD PLUMER and NADIA POPOVICH APRIL 2, 2019



(Source: NYT 2019)

Drivers of Policy Making

- Emulation

- Following certain trends or styles in policy-making.
- Imitation of policies – often symbolic meaning as well.
- Following what is believed to be "appropriate" and "best practice".

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(Source: OECD 2019)

Drivers of Policy Making

- If policy diffusion happens, countries' policies start to look more similar – policy convergence.
- However, however, policy convergence could also happen due to domestic dynamics, e.g. all countries facing similar problems (for instance climate change).
- Often, there are interaction effects between domestic drivers of policy-making and international factors.
- Examples: (1) Left governments learning from other left governments abroad; (2) domestic institutional veto points slowing down international competition.
- Furthermore, important to differentiate between different levels of policy change (first/second/third) as well as stage of diffusion (at agenda setting stage/ formulation stage etc.?)

Thank you for your attention.