

Public Policy Management:

W10. How Policy Makes Politics?

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Week	Main Topics	Key words
8	Law Making and its Actors	Democracy, Parliament, Assembly, Congress
9	Budget as a Part of Policy Cycle	Govt. Revenue and govt. expenditure, fiscal health
10	How Policy Makes Politics	nexus of policy and politics
11	Evidence-Based Policymaking	Evidence, research
12	Policy implementation	bureaucracy, Government officials
13	Evaluation of public policy	Goals, attainment
14	Public Policy Analysis	policy content analysis
15	Public Policy Analysis: Stakeholder Analysis	who, what and how
16	Public Policy Analysis: Cost- Benefit Analysis	costs, benefits, returns

Recap previous weeks

- Institutional Foundations of Public Policy
- Law Making and its Actors
- Budget as a Part of Policy Cycle
- Outline of Week10:
 - Part I and Part II
 - Part I – Theoretical developments
 - Part II – Country context

Policy vs. Politics

- Politics is part of the government system, and a policy can be called a plan. Politics can be defined as a science or art of governing or government, especially governing a political entity like a nation. A policy can be defined as an overall plan that embraces the general goals; a course or action that is proposed by a government, an individual, business firm, or any party.
- Politics refers to authority and refers to public life. Politics generally revolves round government and its activities. “Politics” is a term that refers to the organizational process; refers to the theory and practice of governance. Political parties run the government which all adhere to certain policies.
- “Policy” can be termed as a “principle.” A policy can also be termed as a commitment or statement of intent. It is because of the policy that people, an organization, or a party is held accountable. A policy is a set of rules or principles that guide decisions.
- “Politics” is a word that has been derived from the Greek word “politikos,” meaning “an official” which has been modeled on “Affairs of the City” by Aristotle. “Policy” is a term that has been derived from the Old French word “policie,” from Late Latin “politia,” and ancient Greek “politeia.”

Policy vs. Politics

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- A policy can also be said to be a course or action that is proposed by a government, an individual, business firm, or any party.
- Politics refers to the theory and practice of governance

Policy making and Politics

- Policy cycle is a continuous and endless process.
- Within this simplified framework, the formation and implementation of policies are seen as political in that they involve conflict and struggle among individuals and groups, officials and agencies, with conflicting ideas, interests, values, and information on public-policy issues.
- Policymaking is "political"; it involves "politics." That is, its features include conflict, negotiation, the exercise of power, bargaining, and compromise—and sometimes such nefarious practices as deception and bribery.

Policy making and Politics

- There is no good reason to resist or disparage this conclusion, or to imitate those who derogate policies that they do not like with such statements as, "It's nothing but politics."
- Although it is sometimes implied or even asserted that if enough analysis were done, if enough facts and data were gathered, all "right-thinking" people would agree on the appropriate course of action to handle a problem, this is not the way the world works.
- Quite reasonable people can disagree on policy issues because they have differing interests, values, and affiliations.
- Politics is the way a democratic society resolves such differences.

Part 1: How Policy Makes Politics?

- One influential thesis for analyzing the policy process has been formulated by Theodore Lowi. He has argued, “Policies determine politics” (Lowi 1972).
- The context of this statement will first be outlined against which Lowi developed his thesis.
- It will then address the influence of this thesis on the academic debate as well as on the doubts raised about its explanatory potential for analyzing individual policy sectors like labor market policy, public old age pension policy, environment policy, or migration policy.
- The main focus will be on how to make use of Lowi’s thesis in respect of individual policy fields.

Lowi's Thesis "Policies Determine Politics"

- Lowi's thesis was initially related to basic policy mechanisms or policy types, namely, distributive, redistributive, and regulatory policies. Its relevance has first of all to be seen in the time during which it was formulated.
- It was Lowi's ambition to develop a framework for categorizing case studies (see Benz 1997). At the same time, we need to draw attention to the question: what does policy making (in the sense of politics) depend on?
- This was a key issue because at that time studies were strongly influenced by Easton's (1965) model of the political system according to which the political-administrative system remains a black box between political input (demands of and support from citizens) and political outputs (laws, programs and such).
- Processes within the political system remained unanalyzed. Lowi's thesis pointed in the direction in which one should look for an answer—at the content of a policy and the kind of problems associated with it.

Lowi's Thesis "Policies Determine Politics"

- Because the content of a policy—in the sense of its distributive, redistributive, or regulatory character (see Table next slide)—implies particular outcomes, this results in particular responses from those affected, which, in turn, have an impact on political debate in terms of decision making as well as implementation.
- Or as Lowi (1964, 707) put it, “It is not the actual outcomes but the expectations as to what the outcomes can be that shape the issues and determine their politics.”
- This leads to different kinds of “policy arenas” that exhibit particular features of conflict or consensus. They are crucially shaped by the costs and benefits identified by those involved.
- In summary, a policy aimed at redistribution and an unequal allocation of costs and benefits will be found in an arena characterized by conflict.

Classification of Policy Types

Policy Type	Characteristics of the Policy	Characteristics of the Arena	Examples	Guiding Principles
Distributive	Collective public provision	Consensual No opposition/ resistance	Research grants General tax reduction	Incentives
Redistributive	Relation between costs and benefits obvious	Conflictual Polarisation between winners and losers Ideological framing	Progressive taxation Labour market policy Social Assistance	Imposition by the State
Regulatory	(Legal) norms for behavior/interaction	Changing coalitions according to the distribution Costs and benefits	Consumer protection Safety at work Protection of environment	Imposition by the state Persuasion Guidance by exemplary models Self-regulation

Classification of Policy Types

- By way of contrast, a policy trying to offer universally available services or goods with unclear consequences for the distribution of costs and benefits will be found in an arena characterized by conflict-free processes of policy making.
- The same applies to a regulatory policy which includes a binding code that does not result in observable benefit. It may imply costs and benefits but they are hard to calculate or predict.
- Or to put it precisely: “In all components of conventional politics—legislative, administrative, judicial and civil society—the choice of policy mechanisms imposes predictable constraints on the outcomes of public actions and is not simply derivative from either the electoral process or the configuration of interest groups” (Nicholson 2002, with reference to Lowi 1972).

Classification of Policy Types

- The emphasis given by Lowi to the linkage between the mentioned policy mechanisms and policy arenas characterized by a certain degree of conflict or consensus was inspired by a certain approach: Lowi was interested in “the choices about how to apply the power of the state and not primarily on what goals the state should pursue” (Nicholson, 2002).
- This led to a microanalysis of how public power has been applied coming to the result that this could be done in different ways and that policy choices are possible—namely between the mentioned policy mechanisms or types.
- In other words, because perceptions of policy outcomes are relevant, strategic policy makers—in a position to influence those perceptions—can increase the likelihood of a direct influence on the policy process.

Classification of Policy Types

- This is addressed in the policy analysis literature by the key phrase “issue relabeling”. This means that by relabeling a policy, the perception of what a policy is about can be influenced—and by this the policy process is also affected.
- For example, regional policy aiming at equalizing or at least balancing regional and social disparities is apparently redistributive. However, to calm down controversies resulting from the redistributive effects of this policy, emphasis can also be placed on related measures that are of general benefit.
- The development of the infrastructure, for instance, can improve the accessibility of regions, in relation to the exchange of products (the market) or the mobility of people (for the workforce as well as for tourists).

Classification of Policy Types

- The success of “issue relabeling” depends crucially on the specific context. This applies for the expressions used and the notions to which they are related. A good example is the opening up of a debate about immigration policy in Germany in 2000 by the discussion about a “green card.”
- The expression “green card” was related to its particular American context, and thus to a “demand driven” and selective immigration policy.
- This example also points in another way to the importance of embedding “issue relabeling” in a particular context. Chancellor Schroeder introduced this issue at a specific place and in front of a particular audience.
- It was the opening speech at Cebit Hanover, the world’s largest fair for computers, communication, and IT, where he could be sure (against the background of a labor shortage in this sector of the German economy) that his rearticulation of the immigration agenda would find not only support from his listeners, but also be picked up by the media.

And Its Impact on Debates

- Although this line of thinking has been very influential not only in policy analysis but in political science in general (see Benz 1997) and reflections on the distributive, redistributive, or regulatory effects of policies have become usual starting points in analyzing policy processes, Lowi's approach has also been criticized.
- For instance, it can be argued that the emphasis placed on expectations or perceptions by Lowi (when stating that it "is not the actual outcomes but the expectations as to what the outcomes can be that shape the issues and determine their politics") does not lead to clarification in respect of policies or policy types. Instead, because perceived outcomes are determining politics, the clarity gets lost in linking particular policies to conflictual or consensual arenas.
- Indeed, when one-sided restrictions or disadvantages are perceived in respect of a law with a regulatory content, it can lead to political conflict just like redistributive policy, even though such a law may be generally binding and affecting everyone.

Impact on Debates

- One example of this is the European Union directive about the employment of workers from other member states in addressing issues like social security contributions and benefits, as well as wages according to national wage agreements.
- This directive has caused major arguments in some countries (like Germany) where the negative impact on the endogenous workforce has been obvious.
- In the light of this example, one can question Majone's thesis (1994) that the future of the EU is that of a "regulatory state," i.e., the EU will be capable only of regulative (market-correcting) and not redistributive policies, because the latter implies conflict and goes beyond the decision making capacity of the EU (see Heinelt 1996).
- The same argument could apply to a distributive policy. Consider the provision of kindergartens in a time when the proportion of households without children is increasing.

Impact on Debates

- In such a context this “classical” distributive policy, can be perceived as redistributive one, as a one-sided support for families or a redistributive burden sharing between households with and without children.
- The academic debate on Lowi’s thesis has also been taken further in another direction. The thesis (policies determine politics) has been de-coupled from the types of redistributive, distributive, and regulatory policies insofar as attempts have been made to relate it to policy sectors like labor market, public old-age pension, environment, immigration, and the like.
- This approach to providing an answer to the question of how and why policies determine politics has been linked to the increasing focus of policy analysis on specific policy sectors (Windhoff-Héritier 1983).
- But in looking at individual policy sectors, the focus on the three policy types appears not to be very fruitful, because within policy sectors distributive, redistributive, and regulatory policies as well as consensual or conflictual policy arenas can be found at the same time as well as sequentially.

Impact on Debates

- For instance (like in Germany; see Egner et al. 2004), in housing policies rent allowance and legal protection of tenants can be complementary, i.e., instruments supporting tenants in the housing sector comprising, in the first, case a redistributive and, in the second case, a regulatory policy mechanism.
- Further, these instruments can (at least in some countries) rely on social housing built in the past by developers who have received subsidies which represent a redistributive policy.
- Finally, one can consider measures for the improvement of the infrastructure in a neighborhood, which can be labelled as distributive policies.
- Attempts to make clear statements on the nature of policy-politics interdependencies by individual policy sectors are not only confronted by the phenomenon that regulatory, redistributive and distributive policies can be of relevance for a certain policy field at the same time.

Impact on Debates

- Furthermore— and providing that such an attempt should start from Lowi’s model—it has to be clear that Lowi offers a tool of microanalysis (as mentioned above), i.e., to explain or even to predict why a certain program characterized by one of the mentioned policy mechanisms is leading to particular policy processes.
- “This is not a fatal flaw and it does not, in and of itself, undermine the utility of the model so long as one applies it safely within particular historical eras and specified institutional frameworks” (Nicholson 2002).
- But attempts to make clear statements on the nature of policy politics interdependencies by individual policy sectors are clearly not restricted to the application of a certain model (like that of Lowi) to a historically given institutional setting.

Dimensions For Distinguishing Policy-politics Relations

- Let us start from the point discussed earlier—the perception of a problem as well as the impact of the solution of a problem play a crucial role in conceptualizing policy-politics relations.
- Additionally, three further aspects are connected to perceptions of how a problem can be solved politically—differences in predictability, shifting or static policy boundaries, and interdependencies between policy sectors.
- Problems transferred from the societal environment into the political system and taken up by the latter to be solved by a societally binding decision can be classified in different ways.
- Here, the emphasis is on the distinction between problems affecting everyone and those that just affect some.
- This distinction is important because it refers to the level of conflict that can occur if something (or nothing) happens to address a particular problem.

Dimensions for Distinguishing Policy-Politics Relations

Dimensions	Examples	
	(Active) Labor Market Policy	Public Old Age Pension Policy
Application of a problem: selective vs. universal	(socially) selective	universal
Policy effects: individualizing vs. collective	individualizing	collective
Predictability	relatively clear	clear
Policy boundaries*	shifting	stable
Policy interdependencies*	substantial	limited
*The aspects of policy boundaries and policy interdependencies considered together earlier		

Dimensions for Distinguishing Policy-Politics Relations

- This becomes clear when looking at standard risks of employees addressed by different social policies. Everyone gets older and every employee is confronted with the prospect of not being able to earn his/her own living.
- Unemployment differs from these standard risks because it may threaten every employee but actually affects only some, and it affects some in such a way that the chance of earning one's living is placed in question over a long time so that social exclusion is likely to occur.
- The fact that unemployment is a socially selective risk may explain why unemployment—in contrast to the social risk of not being able to earn one's living beyond a certain age—is addressed politically in a rhetorical sense but not with real priority.
- When unemployment is high on the public policy agenda, it is usually done for other reasons, such as to reduce public spending.

Dimensions for Distinguishing Policy-Politics Relations

- However, the difference between a problem affecting some people but not everyone is not all that clear and, moreover, can be dynamicized due to political debate.
- In comparing countries, it becomes clear that views on those affected, as well as the perception of reasons why they are affected, differs between countries.
- For instance, the perception that it is one's personal responsibility if one is unemployed is widespread in the UK, whereas in Germany the prevailing perception is that unemployment is a societal (and not an individual) problem to be solved politically.
- However, as the recent reform of labor market policy in Germany shows (Heinelt 2003) this can change.

Individualizing and Collective Policy Effects

- That political actors can respond, for example, to the problem of unemployment cannot be explained adequately by the structure of the problem according to the distinction outlined above.
- What also has to be considered is whether or not the effect or the objective of a policy is regarded as something related to individuals or to a group.
- This becomes clear when considering labor market policy. An active labor market policy consists of measures aimed at bringing the unemployed back into the work force. A “passive” labor market policy consists of providing cash benefits for the unemployed (see Schmid et al. 1992).
- Because active labor market policy focuses directly on improving “employability” or creating employment, it implies an individualization as it depends on how individuals do or do not make use of job offers, job qualifications, and job creation schemes and so forth.

Individualizing and Collective Policy Effects

- The situation for public old age pension policy is different from unemployment and labor market policy. It addresses not only the (collective) security of living beyond a certain age for older people in society but also for younger people, because they have an interest in having secure prospects for the later stages of their lives.
- The profile of an active labor market policy implies that (key) policy makers can point to the individual use (or nonuse) of policy instruments available for (re)integration into the employment system that may reduce political demands to do more.
- In the case of public pension policy, arrangements have to be made which include collective entitlements to withdraw from the labor market.

Individualizing and Collective Policy Effects

- However, the importance of a fixed retirement age depends on a politically secured level of income enabling those reaching this age (as a social group) actually to withdraw from the labor market.
- Therefore, differences in specific policy sectors do not only result from the fact that some problems just affect some (i.e., that some problems are socially selective) and other problems affect everyone but also from individualizing and collective policy effects.
- These two dimensions, through the different responses by citizens and policy makers, lead to further specific features of the politics of the policy making process.

Predictability

- The predictability of both the development of the societal environment of the political system, as well as of the effects of political decisions or interventions, are crucial issues for politics which differ by policy sectors.
- The predictability of the effects of political decisions is related to the range of choices available. As more options become available, the effects of political decisions are harder to predict and the more contested the debate becomes on how to solve a problem.
- This becomes clear when looking at the political debates on how to combat unemployment. The more diagnosis about the reasons for unemployment and measures to solve this problem are not only manifold but also contradictory, the more the predictability of the outcomes of certain programs is questioned from the very beginning.

Predictability

- However, looking at labor market and employment policy further, policy sector-related particularities linked to predictability of policy outcomes can be clarified.
- In the case of active labor market policy, the effects of political decisions on the labor market are relatively easy to predict because they are directly linked to employment or training offers for specific (groups of) persons and can directly decrease the number of unemployed.
- Such a decrease is quantitatively predictable. In the case of employment policy, i.e., a policy aimed at reducing unemployment indirectly through an increase in public demand/spending, the financial support of private investment or a reduction in the working week/month the circumstances are different because the effects of such measures on the labor market depend on spillovers and the behavioral responses of independent (economic) agents, which can hardly be influenced politically.

Predictability

- For instance, a reduction in working hours per week does not necessarily imply that the workforce will increase proportionately.
- Even more clear is predictability in public (old age) pension policy. In this case, using known demographic structures and actuarial calculations, it is statistically simple to measure the future financial consequences of a new regulation.

Interdependencies and Policy Boundaries

- In the case of labor market policy, further fundamental challenges appear, reflecting some of the characteristics of policy-politics interdependencies. On the one hand, effects and feedbacks from other policy sectors are harder to assess than in other areas—for example, public pension policy.
- This is due to the fact that labor market policy does not have clear boundaries. Instead, it is characterized by shifting boundaries in relation to education, early retirement, (urban) regeneration, or family policy.
- On the other hand, dependency on economic development is more striking than in the case of public pension policy. For the latter, benefit demands are predictable against the background of a more or less stable demographic development, and pension policy is dependent on economic development only on the income side and not additionally in the short term on the spending side, as in the case of labor market policy.

Interdependencies and Policy Boundaries

- Interdependencies and shifting boundaries of a policy imply more than uncertainty in policy processes in respect to predicting, planning, and taking decisions.
- Shifting policy boundaries are also associated with an actor constellation being many layered, many faceted, fragile, and muddled.
- Actors may enter or leave the arena; new linkages may evolve, loosen or even get cut; policy objectives may move, be newly established, or even abolished.
- Whereas this applies particularly to policy sectors like the labor market, public pension policy is an example of a policy sector in which the involvement of actors is relatively stable and the dominant policy objectives do not shift.

Policy Institutions

- To exploit the explanatory potential of the just described framework for distinguishing and clarifying policy-politics relations within policy sectors against the background of John and Cole's (2000) definition of "policy institutions" as well as the ideas of Benz (1997) inspired by an actor-centered institutionalism, mentioned before the following seems to be appropriate.
- One should start from the distinctiveness of problems to be addressed in a policy sector and the particularities of effects linked to it. To do this the dimensions developed for distinguishing policy-politics offer guidance.
- Building on these dimensions, specific institutional settings (including their formal and informal rules) of policy sectors to be found in individual countries (or even at subnational level) and at certain points in times should be scrutinized.

Policy Institutions

- Through such an empirical approach, historically specific features of policy sectors will emerge, as will the relevance of core patterns of actor constellations over time and variation between countries and cities.
- Such constellations can be seen as *sector-specific* patterns of *policy networks* comprising of particular executive, legislative and societal organizations or actors typically involved in the development, decision making and implementation of a particular policy.
- Therefore, policy sectors can differ over time and by country or city, but attention should be paid to specific policy networks characteristic of a particular policy sector.

Policy Institutions

- In the field of economic competitiveness, the participation of highly resourced economic actors is decisive to achieve policy objectives and the relevance of majoritarian decision making by a representative body and hierarchical interventions by public administration officials is limited because the economic actors should not feel frustrated.
- Instead bargaining plays a crucial role. In the sector of social inclusion societal actors (e.g. from the voluntary sector) have limited opportunities for negotiating with public authorities.
- Instead, they have to convince them by “good reasons” or public argument, and majoritarian decision by a representative body and hierarchical interventions by public servants are usually crucial for redistributing financial resources, and defining and securing the claims of single individuals as well as of groups, such as disabled people.

Policy Institutions

- These *sector-specific* “policy institutions” in the phase of implementation of environment protection differ from those in consumer protection, although the latter is also primarily a regulatory policy relying (as in the case of environment protection) on financial incentives or support. Consumer protection regulates relations between producer, customer, and standards of food safety.
- It employs therefore prescriptions subject to legal review by courts. However, a main policy instrument for food safety is labeling. This leaves the decision of buying or not buying a certain commodity (e.g., genetically modified products) to the customer, and the institution through which individual consumer choices might lead to a particular outcome (production or availability of a certain commodity) is the market or its so-called “invisible hand.”
- The consequences of these two “policy institutions”—public administrations intervening (together with courts) hierarchically in society in the one case and guidance and control through the invisible hand of the market in the other—for politics are obvious—for example, looking at room for political maneuvering for civil society.

Policy Institutions

- Whereas environment groups see themselves in an unfavorable situation because they are forced to transform their ecological reasoning into a legal argument and mount protests (which do not usually impress public administrations or courts), consumer protection groups are in a better position because they can try to influence consumer choices by public reason and persuasion—the heart of their repertoire of political actions (for more detail, see Heinelt and Meinke-Brandmeier 2005).
- If we take particular institutional setting and policy-specific networks in the way outlined above, then Lowi's thesis "policies determine politics" makes sense in so far as characteristics of policy processes can be related to institutional settings and actor constellations typically involved in the development, the decision making, and implementation of a particular policy.
- Important to note that policies cannot effectively be considered separately from their related historical and locational structures and actor constellations related to them.

Part II of How Policy Makes Politics

Political Types: An Introduction

- The purpose of this second part of this lecture is to provide a set of categories (majoritarian, interest group, client, and entrepreneurial politics) to understand politics in general. We cover the following:
 - 1. Explain how certain issues at certain times get placed on the public agenda for action.
 - 2. Identify the terms *costs*, *benefits*, and *perceived* as used in this lecture.
 - 3. Use these terms to define the four types of politics presented in the text—majoritarian, interest group, client, and entrepreneurial—giving examples of each.
 - 4. Review the history of business regulation, using it to exemplify these four types of politics.
 - 5. Recall the discussions on the roles played in the process of public policy formation by people's perceptions, beliefs, interests, and values (policy paradox and policy dilemmas).

What belongs on the political agenda?

- A. Most important decision affecting policy-making is deciding what belongs on the political agenda
 - 1. Shared beliefs determine what is legitimate
 - 2. Legitimacy affected by
 - a) Shared political values
 - b) Weight of custom and tradition
 - c) Changes in way political elites think about politics
- B. The legitimate scope of government action
 - 1. Always gets larger
 - a) Changes in public's attitudes
 - b) Influence of events
 - 2. May be enlarged without public demand even when conditions improving

What belongs on the political agenda?

- 3. Groups: a motivating force in adding new issues
 - a) May be organized (corporations) or disorganized (urban minorities)
 - b) May react to sense of relative deprivation—people’s feeling that they are worse off than they expected to be
- Example: Riots of the 1960s
- c) May produce an expansion of government agenda
- Example: New commissions and laws
- d) May change the values and beliefs of others
- Example: White response to urban riots

What belongs on the political agenda?

- 4. Institutions a second force adding new issues
 - a) Major institutions: courts, bureaucracy, Senate, national media
 - b) Courts
 - (1) Make decisions that force action by other branches: school desegregation, abortion
 - (2) Change the political agenda
 - c) Bureaucracy
 - (1) Source of political innovation: size and expertise
 - (2) Thinks up problems to solve
 - (3) Forms alliances with senators and their staffs

What belongs on the political agenda?

- 4. Institutions a second force adding new issues
- d) Senate
 - (1) Once a slow moving, status quo club
 - (2) Influx of liberal activist Senators in the 1960s
 - (3) Now—contrary to the intent of the Framers—a major source of change
- e) Media
 - (1) Help place issues on political agenda
 - (2) Publicize those issues raised by others, such as safety standards proposed by Senate

What belongs on the political agenda?

- 5. Action by the states
 - a) Sometimes laws are pioneered in states
 - b) State attorneys general can file suits against businesses that result in settlements binding throughout the country
- 6. Evolution of political agenda
 - a) Changes in popular attitudes that result in gradual revision of the agenda
 - b) Critical events, spurring rapid changes in attitudes
 - c) Elite attitudes and government actions, occasioning volatile and interdependent change

Making a decision

- A. Nature of issue
 - 1. Affects politicking
 - 2. Affects intensity of political conflict
- B. Costs and benefits of proposed policy a way to understand how issue affects political power
 - 1. Cost: any burden, monetary or nonmonetary
 - 2. Benefit: any satisfaction, monetary or nonmonetary
 - 3. Two aspects of costs and benefits important:
 - a) Perception affects politics & b) People consider whether it is legitimate for a group to benefit
 - 4. Politics a process of settling disputes about who benefits and who ought to benefit
 - 5. People prefer programs that provide benefits at low cost
 - 6. Perceived distribution of costs and benefits shapes the kinds of political coalitions that form but not who wins.

Making a decision

- III. Majoritarian politics: distributed benefits, distributed costs
- A. Gives benefits to large numbers
- B. Distributes costs to large numbers
- C. Initial debate in ideological or cost terms, for example, military budgets

Interest group politics: concentrated benefits, concentrated costs

- **Client politics: concentrated benefits, distributed costs**
 - Relatively small group benefits; group has incentive to organize
 - Costs distributed widely
 - Most people unaware of costs, sometimes in form of pork barrel projects
- **Entrepreneurial politics: distributed benefits, concentrated costs**
 - Gives benefits to large numbers
 - Costs imposed on small group
 - Success may depend on people who work on behalf of unorganized majorities
 - Legitimacy of client claims is important, for example, the Superfund

Interest group politics: concentrated benefits, concentrated costs

- **The case of business regulation**
- **A. The question of wealth and power**
 - One view: economic power dominates political power
 - Another view: political power a threat to a market economy
 - Text cautious; weighs variables
- **B. Majoritarian politics**
 - Antitrust legislation in the 1890s
 - a) Public indignation strong but unfocused & b) Legislation vague; no specific enforcement agency
 - Antitrust legislation in the twentieth century strengthened
 - a) Presidents take initiative in encouraging enforcement
 - b) Politicians, business leaders committed to firm antitrust policy
 - c) Federal Trade Commission created in 1914
 - d) Enforcement determined primarily by ideology and personal convictions

Interest group politics: concentrated benefits, concentrated costs

- 1. Labor-management conflict
 - a) 1935: labor unions seek government protection for their rights: businesses oppose
 - (1) Unions win and (2) Wagner Act creates National Labor Relations Board
 - b) 1947: Taft-Hartley Act a victory for management
 - c) 1959: Landrum-Griffin Act another victory for management
- 2. Politics of the conflict
 - a) Highly publicized struggle
 - b) Winners and losers determined by partisan composition of Congress
 - c) Between enactment of laws, conflict continues in NLRB
- 3. Similar pattern found in Occupational Safety and Health Act of 1970
 - a) Reflects a labor victory and b) Agency established

Client politics

- 1. Agency capture likely
- 2. Licensing of attorneys, barbers, and so on
 - a) Prevents fraud, malpractice, and safety hazards
 - b) Also restricts entry into occupation or profession; allows members to charge higher prices
 - c) Little opposition since:
 - (1) People believe regulations protect them
- (2) Costs are not obvious
- 3. Regulation of milk industry
 - a) Regulation prevents price competition, keeping price up
 - b) Public unaware of inflated prices
 - c) Consumers have little incentive to organize

Client politics

- 4. Sugar quotas also benefit sugar producers
- 5. Attempts to change regulations and cut subsidies and quotas
 - a) 1996 bill replaced crop subsidies with direct cash payments
 - b) Subsidies continued to increase
 - c) 2002 law replaced 1996 law, and new subsidies were authorized
 - d) Subsidies: the result of history and politics
- 6. Client politics for “special interests” seems to be on decline
 - a) Importance of appearing to be “deserving”
 - b) Regulation can also serve to hurt a client (e.g., FCC and radio broadcasters/telephone companies)

Entrepreneurial politics; relies on entrepreneurs to galvanize

- 1. 1906: Pure Food and Drug Act protected consumers
- 2. 1960s and 1970s: large number of consumer and environmental protection statutes passed (Clear Air Act, Toxic Substance Control Act)
- 3. Policy entrepreneur usually associated with such measures as:
 - a) Often assisted by crisis or scandal
 - b) Debate becomes moralistic and extreme
- 4. Risk of such programs: agency may be “captured” by the regulated industry
- 5. Newer agencies less vulnerable
 - a) Standards specific, timetables strict
 - b) Usually regulate many different industries; thus do not face unified opposition
 - c) Their existence has strengthened public-interest lobbies.
 - d) Allies in the media may attack agencies with pro-business bias
- e) Public-interest groups can use courts to bring pressure on regulatory agencies

Deregulation

- 1. Example: airline fares, long-distance telephone rates, trucking
- 2. A challenge to “iron triangles” and client politics
- 3. Explanation: the power of ideas
 - a) Idea: government regulation was bad
 - b) Started with academic economists
 - c) They were powerless but convinced politicians
 - d) Politicians acted for different reasons
- (1) Had support of regulatory agencies and consumers

Deregulation

- (2) Industries being deregulated were unpopular
- 4. Presidents since Ford have sought to review government regulation
- 5. Many groups oppose deregulation
 - a) Dispute focuses mostly on how deregulation occurs
 - b) “Process regulation” can be good or bad
- 6. The limit of ideas
 - a) Some clients are just too powerful, for example, dairy farmers, agricultural supports
 - b) But trend is toward weaker client politics

To conclude

- To realize what Lowi's thesis intended, namely to offer a basis for the development of a "policy theory" by a typology of policy-related structural features, three points are crucial.
- First, Lowi's orientation to policy choices and its focus on microanalysis has to be broadened by reflections on a macro level.
- Second, the systematic distinction of perceived problems as well as policy outcomes has to be taken further. The reflections on different dimensions for distinguishing policy-politics relations offer some progress in this respect.
- Third, specific "policy institutions," i.e., "a particular policy arena [with] a [certain] set of formal and informal rules that determine the course of public decision making" (John and Cole 2000, 249), should be analyzed to answer the question why they allow for policy processes with certain characteristics—and not for others.
- Although such an analysis would be empirical and historically oriented, options for generalization are not impossible per se. On the contrary, options for generalization are mostly available and should be more strongly used.

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What Next?

- Evidence-Based Policymaking