

### Democratic Theory and Policy Analysis: Four Models of "Policy, Politics and Choice"

Immergut, Ellen M.

Veröffentlichungsversion / Published Version  
Zeitschriftenartikel / journal article

Zur Verfügung gestellt in Kooperation mit / provided in cooperation with:  
Verlag Barbara Budrich

#### Empfohlene Zitierung / Suggested Citation:

Immergut, E. M. (2011). Democratic Theory and Policy Analysis: Four Models of "Policy, Politics and Choice". *der moderne staat - dms: Zeitschrift für Public Policy, Recht und Management*, 4(1), 69-86. <https://nbn-resolving.org/urn:nbn:de:0168-ssoar-61111-5>

#### Nutzungsbedingungen:

Dieser Text wird unter einer CC BY-SA Lizenz (Namensnennung-Weitergabe unter gleichen Bedingungen) zur Verfügung gestellt. Nähere Auskünfte zu den CC-Lizenzen finden Sie hier: <https://creativecommons.org/licenses/by-sa/4.0/deed.de>

#### Terms of use:

This document is made available under a CC BY-SA Licence (Attribution-ShareAlike). For more information see: <https://creativecommons.org/licenses/by-sa/4.0>

# Schwerpunkt: Institutionen und Umwelt in Deutschland

*Ellen M. Immergut*

## Democratic Theory and Policy Analysis: Four Models of “Policy, Politics and Choice”

### Abstract

This essay considers four ideal-type governance mechanisms from the perspective of democratic theory. It argues that democratic theory may help to make explicit the implicit value-choices embodied in these governance mechanisms, and so provide the basis for cross-value critical discourse. In addition, this cross-value discourse may be used to identify the appropriate normative, political and institutional settings for each mechanism.

*Key words:* Models of Democracy, Governance, Policy Tools, Normative Theory, Philosophy and Public Affairs, Policy Paradigms

### Zusammenfassung

*Demokratiethorie und Staatstätigkeit: Vier Modelle von „Policy, Politics and Choice“*

Dieser Beitrag vergleicht vier Idealtypen politischer Steuerungsmechanismen aus der Perspektive der Demokratiethorie. Die demokratiethoretische Betrachtung erlaubt es, die impliziten Wertentscheidungen, die stets mit der Wahl eines der verschiedenen Steuerungsmechanismen verbunden sind, explizit zu machen. Damit wird die Basis für einen werteübergreifenden kritischen Diskurs geschaffen. Die kritische Betrachtung einzelner Steuerungsmechanismen aus verschiedenen normativen Perspektiven erlaubt es, die normativen, politischen und institutionellen Bedingungen zu spezifizieren, unter denen ein bestimmter Steuerungsmechanismus eine gleichsam effektive und legitime Lösung politischer Problemlagen bietet.

*Schlagworte:* Demokratiemodelle, Staatstätigkeit, politische Steuerungsmechanismen, Demokratiethorie, Staatsaufgaben, Policy-Paradigmen

Most policy typologies focus on the characteristics of public policies. For example, *Theodore J. Lowi's* (1972) seminal contribution argues that the nature of a public policy itself – whether it is distributive, regulatory or re-distributive – produces particular patterns of political conflict. Similarly, *James Q. Wilson* (1980) analyses the distribution of costs and benefits engendered by a policy (concentrated versus diffuse) in order to explain different patterns of regulatory conflict. Other scholars take as their starting point policy tools or instruments, such as “carrots, sticks, and sermons” or the use of taxes, persuasion, public-private partnerships and the like (*Hood* 2006). *B. Guy Peters* (2005) suggests a typology of policy problems – whether solvable, complex, divisible – and argues that the choice of tool must fit the type of problem.

By contrast, the approach presented here places politics at the center of the analysis. It is based on the concept of policy paradigms. A policy paradigm is an approach to pol-

icy analysis that identifies a link between philosophical justifications, theories of governance, and specific policy tools. As the name ‘paradigm’ implies, these approaches act as perceptual lenses, leading analysts to focus on particular criteria for policy analysis and to disregard others. My claim is that the choice of a particular policy tool is actually the choice of an entire policy paradigm, which includes normative reasoning and a theory of governance. Thus this choice is highly political: it engenders a choice of political values, and it has ramifications for the political influence of different groups and strata of citizens. My intent in this essay is three-fold. First, I wish to lay out the political philosophy that informs the four policy paradigms. Each paradigm is grounded in an ideal-type model of democracy: neo-utilitarian, pluralist, etatist, or institutionalist. I argue that these four normative models serve as the basis for four distinct theories of political governance and provide arguments for the use of different ideal-type governance mechanisms: market, association, state, and deliberation. Further, I argue that these political philosophies inform not just the basic theories of governance, but the choice of specific policy instruments. For example, the neo-utilitarian model of democracy (which will be described in depth below) provides normative and practical justifications for both the use of markets as a governance mechanism in general, and for voucher programs for public school choice as a specific policy tool. Second, I use these competing models to develop a cross-value critique of these competing governance models and their corresponding policy tools. In this way, the potential blind spots of a particular paradigm are corrected by applying the perceptual lens of the competing paradigms. Third, I argue that one may use this cross-value critique to establish criteria to determine the conditions under which a particular policy tool is most appropriate. As my unit of analysis is the typology of models of democracy that informs both ideal-type governance models and specific policy tools, I structure the remaining sections of the paper according to the four ideal-type models of democracy that inform each policy paradigm.

## Public Policy as Democratic Governance

The link between democratic theory and public policy begins with the conception of public policy as embodying the principle of “democratic governance.” If the coercive power of the state is to be brought to bear to implement public policies, then – in democracies – these policies should rightly be made by a process of democratic governance or democratic political choice. Moreover, public policies are themselves based on introducing governance mechanisms. Emissions trading, school vouchers, interest group negotiations on labor conditions, and deliberations about bio-ethics are all policy solutions (alternatively known as “policy tools” or “policy instruments”) that entail introducing a governance mechanism. Even “command-and-control” policies entail the introduction of a governance mechanism, as everyday implementation of the policy requires that decisions be made on a wealth of specific issues that cannot be set out in legislation. As will be discussed, emissions trading and school choice are policy tools based on the neo-utilitarian democratic theory of governance, i.e., markets as a mechanism of governance. Interest group negotiations are the policy tool of choice of pluralist democracy; they entail the introduction of governance by associations. Deliberations about bio-ethics are an example of the institutionalist democratic ideal; here deliberation is the favored mechanism of governance. And command-and-control regulation is an example of state governance,

which is favored by etatist theories of democracy. By what criteria, then, should we ascertain whether or not political decisions to enact public policies – as well as public policies employing micro-choice governance mechanisms – are worthy of the approbation, “democratic choice”? And why do different scholars and political movements prefer one democratic governance paradigm above the others?

Democratic theory provides four basic answers to this question. Normative models of democratic choice can be classified according to the types of judgments they make about both inputs and outputs to the democratic process, in other words, to their judgments and standards for input and output legitimacy. “Inputs“ would be the demands and preferences of individuals and groups; “outputs“ the public policies produced. Political theories vary with regard to whether they apply substantive or formal standards to evaluate these inputs and outputs. A substantive standard is based on a transcendent value or norm, such as justice or equality of result. In the case of environmental policy, the standard could be environmental impact based on current scientific consensus. A formal theory, by contrast, is based on a procedural or immanent standard. A formal standard might be whether all individuals have a formal right to decide on a particular policy or whether rules of procedural fairness are used to make political decisions. In contrast to substantive theories, formal theories make no judgment about the result of the political process, but simply assess the fairness of the process by which the decision was produced. Taking the distinction between inputs and outputs, as well as the distinction between formal and substantive judgments, we are left with the following 2 x 2 table.

*Table One: Four Normative Models of Democratic Choice*

Four Models of Democratic Choice		Outputs:	
		Formal A posteriori	Substantive A priori
Inputs:	Formal De jure	I. Neo-Utilitarian	IV. Institutional
	Substantive De facto	II. Pluralist	III. Etatist

## I. Neo-Utilitarian Democracy: Market Governance

The neo-utilitarian model of democracy (Model One) is generally associated with market liberalism (*Buchanan/Tullock 1974, Friedman 1982 [1962], Hayek 1960, Okun 1975, Schultze 1977*). Although political debates often focus on the claims of this approach about the economic efficiency of markets as opposed to government, it is important to recognize that at the center of market liberalism is an argument about democracy. This neo-utilitarian view of democracy stems from a particular world view: a world of free and equal individuals, with the capability and right to make their own choices, and hence, to bear the consequences of those choices. These individuals do not require protection from themselves, but rather from the arbitrary authority of the state. Human knowledge is fallible. Therefore, the state cannot decide for individuals what is in their best interest. Fur-

thermore, different individuals have different values; thus, again, the state cannot decide for them what they should value. Only these individuals can determine what is in their interest; hence, the best way to define the public interest is by satisfying the preferences of these individuals, that is, the “greatest good for the greatest number,” as the classical Utilitarians put it.

From this world view stems the neo-utilitarian model of democracy. Political processes are judged by a formal criterion: Are individuals formally free to express their preferences? Democratic outcomes are similarly judged by a formal rather than a substantive standard: Is the outcome produced by a formally competitive process? Thus, market liberalism or neo-utilitarianism takes a strictly formal approach to the political process and to public policies. It considers a democratic process to be fair if the rules of access to the process are universal, and if the outputs are produced by procedurally fair rules. Thus, it applies a formal or *de jure* standard to judge whether inputs to political processes are sufficiently democratic; and it also applies a formal or *a posteriori* standard to judge the outputs to these processes. These standards can be applied to political processes – for example referenda or voting – but, in general, market liberals argue that the market mechanism is a superior form of neo-utilitarian decision-making. On this view, *markets* are more democratic than *politics*.

## Market-Mechanisms as Policy Tools

The standards of Model One apply not only to the policy-making process but to policy tools. Neo-utilitarian theorists propose that even in the case of market failure, where government intervention is justified, policy solutions should rely on market mechanisms (*Okun 1975, Schultze 1977*). Examples of “market-conforming“ policy solutions are: school vouchers; plans for trading emission rights (“cap-and-trade“); the publication of information on airline delays. The philosophy behind these solutions is either to create markets where they do not exist (school vouchers) or to redress the causes of market failure, such as neighborhood effects (emissions trading) or information asymmetries (airline delays).

The arguments used to defend “market-like“ policy tools spring from the normative tents of neo-utilitarian democracy: individual freedom, protection from arbitrary authority, the problem of knowledge, satisfaction of preferences of the largest number of individuals. We can illustrate these arguments using the case of emissions trading. Rather than being prohibited from producing unwanted emissions, under emissions trading plans, producers are forced to buy certificates to cover their emissions, and may trade these certificates. Economically-speaking, such plans re-internalize externalities, thus making it costly to pollute rather than passing on negative effects of production onto “neighbors.“ Consequently, individuals remain free to pollute, but must pay for the costs that their pollution causes (individual freedom). Under such a system, particular industries or technologies are not arbitrarily prohibited (protection of property from arbitrary authority). Emission-trading plans allow governments to reduce CO<sub>2</sub> emissions without establishing a scientific standard for tolerable emissions, as they would in typical command and control regulation (problem of knowledge). An emission-trading system allows total emissions to be capped, but leaves it each individual or firm involved in this market to decide how to reduce emissions and when to buy certificates (satisfaction of preferences of the largest number of individuals).

Table Two: Neo-Utilitarian Democracy

<b>MODEL OF DEMOCRACY</b>	<b>MODEL I: NEO-UTILITARIAN</b>
<b>Unit of analysis</b>	Individual
<b>NORMATIVE CONSIDERATIONS</b>	<ul style="list-style-type: none"> <li>• Individual freedom, individual equity</li> <li>• Protection from arbitrary authority</li> <li>• Problem of knowledge</li> <li>• Satisfaction of preferences of largest number of individuals</li> </ul>
<b>PRACTICAL CONSIDERATIONS</b>	<ul style="list-style-type: none"> <li>• Micro-efficiency produces macro-efficiency</li> <li>• Cost effective</li> <li>• Avoid politics, can impose risk, losses</li> <li>• Incentives, so minimize bureaucracy, solve behavioural problem</li> </ul>
<b>POLICY TOOLS</b>	<ul style="list-style-type: none"> <li>• “Creating” markets:</li> <li>• Vouchers</li> <li>• Internalizing externalities</li> <li>• Correcting information asymmetries</li> </ul>
<b>CONDITIONS</b>	<ul style="list-style-type: none"> <li>• Are the individuals equal?</li> <li>• Can they bear the risk?</li> <li>• Does the market mechanism solve the behavioral problem?</li> <li>• How does the expected market outcome compare to an etatist solution?</li> </ul>

## Practical Considerations

Although neo-utilitarian theorists argue for market-like mechanisms on normative grounds, these authors also add practical considerations that enhance the attractiveness of market-like policy processes. First, neo-utilitarians argue that market-like processes allow macro-efficiency or system efficiency to emerge from micro-efficient, individual transactions. Thus, market-like processes should produce more efficient, and hence less expensive, solutions to public policy problems without sacrificing the quality of the results. Proponents of market-like policy solutions also argue that market processes are self-reinforcing as they provide incentives for the implementation of the policy at hand, thus reducing the need for political decision-making and bureaucratic monitoring and enforcement. In addition, these incentives promote constant improvements in the policy-technology at hand, such that the policy standard is continuously improving. Markets provide information, thus providing governments with feedback on the workings of a particular policy. Finally, in contrast to politics where risk is eschewed, markets or market-like procedures allow the imposition of losses.

Again, we can illustrate these advantages with the example of emissions trading. Rather than being locked into one standard technological solution or emissions standard, individual firms can calibrate the exact mix of certificates and emissions reduction that is most cost effective (micro-efficiency). Further, they may introduce new technology

gradually, replacing machinery with emissions-saving equipment when the machinery is due for replacement, rather than at an arbitrary point decided by law. Consequently, with a cap-and-trade system, the same emissions standards can be met in a much more cost effective way. Politicians are not confronted with the difficult decision of prohibiting particular types of production processes or imposing a particular technology, but allow the “market“ to drive adjustment to a new emissions standard (avoid politics, impose losses, allow more risk). Finally, incentives are created for compliance, for reporting on competitors that do not comply, and for improving performance beyond a standard set in law (solve behavioral problem, minimize bureaucracy).

### Cross-Value Criticism of the Neo-Utilitarian Model

Criticisms of markets as decision-making mechanisms aim directly at the main assumptions and logic of the neo-utilitarian world view. Thus, by relying on cross-paradigm criticism, we can question the taken-for-granted assumptions of the market paradigm. First, critics of market approaches assert that not all individuals are equal. Significant differences in resources, access to information, and cognitive skills may affect access to market choice-mechanisms, and thus the outcomes and fairness of these processes. Second, there may be bias and distortion in the individual choice process, as well as in the aggregation of these choices; framing, cueing, information cascades, various heuristics and other cognitive effects may distort choice. (For popular summaries of these problems see *Gladwell 2005, Thaler/Sunstein 2009*.) Third, although proponents of the market approach argue that market-like choice procedures allows governments to avoid politics and bureaucracy and impose risks, the introduction of market mechanisms is rife with politics and requires bureaucratic monitoring – in some cases more extensive monitoring than in a command-and-control situation.

### Conditions for Market-Conforming Policy Tools

From these criticisms, we may develop a policy “check-list” that identifies the conditions under which a market-like choice mechanism is appropriate. First, even if individuals in general may vary greatly in terms of their resources and capabilities, are the individuals in the democratic market-at-hand equal enough that we consider a market-like procedure to be normatively acceptable? In the case of emissions trading, we might judge firms to be equal enough to participate in such a market governance mechanism. Second, can the market participants bear risk? And if there are inequalities, can they be compensated? Again, in the case of emissions trading, firms may have sufficient profit margins to re-internalize the costs of their emissions production, and systematic differences – say coal-burning industries versus those using nuclear power – may be amenable to compensation. Third, does the market indeed solve the behavioral problem? Is there a match between the incentives provided by the market solution and the intended result? In our example, are the costs of the certificates high enough to induce emissions reduction in firms? Fourth, how does the market result compare with a given substantive standard? That is, how does the predicted effect of a cap-and-trade system compare with an absolute limit on emissions decided on by law? Finally, the workings of such a market-like solution will reflect

the politics and bureaucracy of creating the rules of the game for such choice mechanisms. As *Orlowski* and *Gründinger's* (this issue) case studies show, the impact of politics on the creation of national allocation plans for CO<sub>2</sub> emissions certificates produced very different levels of emissions savings in Germany and Britain: in Britain, CO<sub>2</sub> certificates emissions were reduced by a much greater amount than in Germany, whose over-allocation of certificates resulted in certificates that were virtually worthless, and hence produced little incentive to reduce emissions. Moreover, although market proponents argue that incentive-based governance reduces the need for bureaucracy, the project of monitoring compliance – that is, to check whether the certificates held by an individual firm match the level of emissions is more complex than in the case of a uniform technical standard.

Precisely this impact of political and administrative factors on the design of policy solutions is the domain of our competing models of democratic public policy: pluralist democracy, etatist democracy and institutionalist democracy.

## II. Pluralist Democracy: Governance through Associations

The pluralist model of democracy (Model Two) begins with a set of normative concerns that are both similar and different to that of neo-utilitarian democracy (Model One). As in the liberal model, the freedom of individuals and freedom from arbitrary government authority are central concerns, but, by contrast to the liberal model, individuals are viewed as belonging to groups, and in need of the socialization that group participation entails. As the classical pluralist author *Truman* states in his treatise *The Governmental Process* (1971 [1951]), “man is a social animal.” Whereas the classical liberal view is of individuals as atomistic and socially unencumbered (*Sandel* 1994 [1984]), in the pluralist paradigm, values, wishes and preferences have social origins, and the “good life” has a social component. At the same time, however, classical pluralists, such as *Laski* and *Fraenkel* (1968), were concerned with the dangers of centralized state power and skeptical of transcendent norms or values as a guide to state action. Consequently, groups are viewed by this paradigm (originally outlined by *Tocqueville* in his work *Democracy in America*) as a critical intermediary in bundling citizens’ preferences and influence so as to provide education and moderation to citizens, and at the same time provide an effective counterweight to the state.

Group bargaining is based on competition amongst interest-groups for members and for influence on governmental decision-making. The ideal political process depends upon the freedom of individuals to form groups, and the freedom of groups to lobby government. From these lobby activities result patterns of public policy that are normatively acceptable, as long as the political system is open, competitive and bound by the “rules of the game.” In a sense, pluralist democracy is based on the ideal of a political market coming to equilibrium with interest groups playing an important intermediary role. Thus, the standard for judging policy outputs in Model Two is *a posteriori*; the outputs are judged solely by the fairness of the process. In contrast to Model One, however, Model Two applies a substantive standard to political inputs. Pluralist theory is far more concerned with barriers to participation and influence than adherents of Model One. That is, the standard for participation is not merely a *de jure* standard but a *de facto* standard. *Truman* (1971 [1951]), for example, considers carefully the exclusion of particular

groups – such as organized labor – from the political system, and considers systematic exclusion as a crisis point from which the political system must recover (by opening access) or descend into crisis. Furthermore, pluralists are concerned about the substantive quality of the preferences expressed through the group model: the inputs to politics need to be aggregated and moderated through group participation. Pluralist theory fears mass politics and anomie, criticizing plebiscitary politics and urging political socialization through groups (*Kornhauser* 1959, *Tocqueville* 1978 [1856]). Thus again, the criterion for judging inputs is substantive and not merely formal. To summarize, the normative considerations of importance to pluralist democratic theory are: the need to provide a counterbalance to state power; the need for groups to aggregate and moderate the demands of individuals; prevention of both mass society and totalitarian politics; equal access of societal groups to the political process.

*Table Three: Pluralist Democracy*

<b>MODEL OF DEMOCRACY</b>	<b>MODEL II: PLURALIST</b>
<b>Unit of analysis</b>	Interest groups
<b>NORMATIVE CONSIDERATIONS</b>	<ul style="list-style-type: none"> <li>• Groups provide counterbalance to state power</li> <li>• Groups aggregate and moderate demands of individuals</li> <li>• Prevention of Mass Society and Totalitarian Politics</li> <li>• Equal access of groups to Political Process</li> </ul>
<b>PRACTICAL CONSIDERATIONS</b>	<ul style="list-style-type: none"> <li>• Provides state with information</li> <li>• Increases societal cooperation and lowers the costs of implementation</li> <li>• Increases responsiveness and flexibility of public policy</li> <li>• Unburdens state yet increases governance capacity by devolving public responsibilities to private or quasi-private groups</li> </ul>
<b>POLICY TOOLS</b>	<ul style="list-style-type: none"> <li>• Interest group negotiations:</li> <li>• Industrial relations</li> <li>• Health insurance carried by associations</li> <li>• Occupational health and safety</li> <li>• Negotiated environmental standards</li> </ul>
<b>CONDITIONS</b>	<ul style="list-style-type: none"> <li>• Is there a group for every interest?</li> <li>• Do the groups represent the interests of their members?</li> <li>• Are the groups balanced?</li> <li>• Is the negotiated outcome in the public interest?</li> </ul>

## Practical Considerations

The ideal of pluralist democracy is relevant both for the analysis of the political process used to produce a specific policy, and for the use of governance by associations as a policy tool. Although corporatist theory is based on an empirical critique of pluralism, taken

as a model of democracy and as a state theory, it is in fact quite similar to pluralism. Corporatist theory criticizes pluralism for its lack of recognition of the costs of organization and the deep inequalities in group representation that result from historical processes and state intervention – including unequal state recognition of groups and even state formation of groups (*Lehmbruch* 2001). Corporatism also recognizes the iron law of oligarchy and – as free competition between groups does not exist – does not assume that leaders are completely responsive to their membership. Nevertheless, as a pragmatic strategy of governance, corporatist theories find much to recommend in policy-making and implementation through corporatist systems of interest-intermediation. Exactly as posited by pluralist theory, group association aggregates and moderates membership demands, thus reducing “citizen unruliness” (*Schmitter* 1981). Oligarchic tendencies can be instrumentalized by states, as the moderation called for by the “logic of influence“ can help to overcome issues in the “logic of membership“ during implementation (*Schmitter/Streek* 1985). Furthermore, as association leaders are elected by their members, there is democratic accountability within corporatist interest associations. Thus, in analogy with our consideration of Model One, we can outline the practical considerations that speak for use of interest negotiation as a means of democratic governance: groups may provide the state with information; group negotiations increase social cooperation and lower the costs of policy implementation; group input increases the responsiveness and flexibility of public policy; group involvement unburdens the state, yet increases governance capacity by devolving public responsibilities to private or quasi-private groups.

## Governance by Associations as a Policy Tool

Many policy solutions are based on the pluralist/corporatist ideal. Labor relations legislation, for example, does not impose policy outcomes, but allows representatives of management and labor to bargain directly about wages and working conditions. In analogy to policies that attempt to create markets or to redress market distortions, provisions concerning improper management practices or procedures for mediation of labor conflicts aim to redress problems in the balance of pluralist bargaining, but then allow the “social partners” to negotiate directly on policies. In environmental policy, as *Seifert* (this issue) shows, the development of the “Grüner Punkt” or “Duales System” in Germany is a good example of the use of corporatist practices to draft and implement a policy solution. Representatives of the interests involved – retail trade, packaging industry, food and beverage industry and many others – were represented by peak associations that worked out the details of a system to allow pick-up and recycling of packaging waste. To be sure, the main idea behind the actual solution picked – internalizing the costs of packaging waste by making the producers of this waste responsible for its disposal – is linked to the neo-utilitarian model. But the political process and the ensuing governance structure for implementing the policy solution illustrate many of the normative and practical advantages that pluralist and corporatist theorists claim about the benefits of interest group negotiation as a policy tool. In place of a government bureaucracy, a voluntary system was created, thus counterbalancing government power. The groups involved aggregated and moderated the demands of their individual members, preventing an escalation of demands, but yet providing members with the ability to promote their interests. By relying on a conciliatory political process, implementation was smooth, and not costly for the

state. Moreover, as the “Duales System” is based on contracts between the producers of packaged goods and waste collection firms, principal-agent problems are reduced, and the details of waste collection schedules, recycling procedures and the like can be flexibly changed without recourse to new law-making or administrative procedures.

At the same time, however, many criticisms may be leveled at both the political process and the policy results. Not all potentially-relevant groups, such as environmental groups, were involved in these negotiations, while others – e.g., consumers – were poorly organized. Furthermore, the main ecological goals of the policy, namely to reduce and not just dispose waste, were hardly met. Thus, corporatist politics may have a tendency towards exclusion of the unorganized and to preserve the status quo at the cost of radical innovation, even when they both increase the effectiveness and reduce the costs of implementation.

### Cross-Value Critique of Associational Governance

These problems of the “Grüner Punkt” illustrate some general criticisms made of interest-group negotiation as a policy tool. Neo-utilitarian theorists criticize group representation on the grounds that groups do not necessarily represent the preferences and interests of their members, thus distorting the representation of individual preferences, and resulting in less democratic and less efficient policies than would emerge from a market-like choice mechanism (*Olson* 1991). Moreover, the biases of group formation and interest representation may engender structural inequalities and procedural shortcomings that mar the policies produced by interest-group negotiation. A number of critics point to the advantages of the organized over the unorganized in group competition, such that interest-group negotiations tend to become hived-off from public criticism and input (*Habermas* 1992, *Lowi* 1979, *Offe* 1969). Moreover, classical state theory asserts the need for the state to stand above and apart from societal influence, arguing that the common good depends precisely upon the separation of state and society (*Böckenförde* 1976, *Böhret/Jann/Kronenwett* 1988, *Eschenburg* 1955).

### Conditions for Associational Governance

These problems are the focus of the remaining, more substantively-oriented models of democracy, Model Three (etatist) and Model Four (institutionalist). But before going on to these models in more depth, one can state here that the criticisms may – as for neo-utilitarian democracy – be used to ascertain the conditions under which governance by association is normatively defensible and practically feasible. Even if there are flaws in pluralist democracy, there may be some areas where this mechanism may be used effectively and fairly as a policy tool, especially if one corrects for imbalances in associational governance (*Cohen/Rogers* 1995). Based on our competing models of democracy, we can point to the following criteria: the structure of interest representation – i.e., the policy inputs – must cover the interests that a substantive theory would indicate as necessary (criterion of substantive inputs); the interest organizations must be assessed for the responsiveness to their members (formal inputs) and the balance amongst groups (formal outputs). Finally, the results of negotiation should be assessed by an independent substantive standard (substantive outputs).

### III. Etatist Democracy: Command-and-Control by States

Etatist democracy (Model Three) applies “substantive” standards for judging both the inputs and outputs to the policy process. The term “substantive” refers to an overarching value or criterion that stands above and is independent of the political process is used to evaluate the inputs and outputs to the political process. For example, a feminist standard might be used to criticize both the ability of women to participate in politics (substantive inputs) (Norris 1987) and the pattern of policy results that affect women (substantive outputs) (Hernes 1987). Similarly, the critique of both markets and politics from the perspective of class inequality has been applied both to political participation (substantive inputs) and the policies that result from governmental decision-making (substantive outputs). Lindblom (1977), for example, argues that business has undue resources with which to compete in pluralist bargaining, but also that political decision-makers calculate the effects of their decisions on firm profits, and hence economic growth and employment, and thus incorporate business interests into policy outcomes themselves. Green parties are concerned with the quality of environmental policies, and argue that environmental interests must obtain better political representation (substantive inputs) and that an objective environmental standard should be used to judge the policy outputs (substantive outputs). In our examples of environmental policy-making, we have already pointed to the potential for substantive critique. In the case of emissions trading, we can criticize inputs to the emissions market because regular citizens (the actual neighbors suffering from emissions) are not necessarily involved, and the outputs may not be adequate in terms of the reduction in CO<sub>2</sub> emissions achieved. Similarly, in the case of the “Grüner Punkt”, we could criticize the inputs to the process on substantive grounds: the lack of consideration of ideas for reducing the production of packaging in the first place, and the underrepresentation of ecological interests. The substantive criticism of the policy output would then be based on the lack of reduction of packaging waste, although here one must note that from a comparative point of view the German levels of recycling and use of refillables is high by European standards.

#### Practical Considerations

Etatist democracy results in a practical conundrum: if the norms of social equality or environmental quality require command-and-control intervention, how can one bypass, overcome or persuade powerful groups to cooperate? Lindblom (1977) suggests that policy-makers use incentives to “pay-off” business interests. Selznick (1984 [1949]) shows how informal cooptation of powerful local interests was key for the successful implementation of the TVA’s electrical power program – at the same time that this “grass roots philosophy” was responsible for organizational surrender and goal displacement in the agricultural programs. By contrast, as Hoffmann (this issue) shows in the case of the “Dosenpfand,” the attempt to force the introduction of the can deposit by etatist means resulted in a chaotic implementation process that produced fewer ecological benefits than the corporatist negotiations used to bring economic interests on board in the case of the “Grüner Punkt” (Seifert, this issue).

Table Four: Etatist Democracy

<b>MODEL OF DEMOCRACY</b>	<b>MODEL III: ETATIST</b>
<b>Unit of analysis</b>	Values Social cleavages Environment
<b>NORMATIVE CONSIDERATIONS</b>	<ul style="list-style-type: none"> <li>• Substantive values:</li> <li>• Equality</li> <li>• Justice</li> <li>• Sustainability</li> </ul>
<b>PRACTICAL CONSIDERATIONS</b>	<ul style="list-style-type: none"> <li>• Identifying powerful actors</li> <li>• Strategies for circumventing status quo</li> <li>• Insulation of bureaucracy</li> <li>• March through institutions</li> </ul>
<b>POLICY TOOLS</b>	<ul style="list-style-type: none"> <li>• Command-and-control:</li> <li>• Compulsory education</li> <li>• Minimum standard of living</li> <li>• Bans on smoking</li> <li>• Affirmative action quotas</li> </ul>
<b>CONDITIONS</b>	<ul style="list-style-type: none"> <li>• Would individuals choose this solution?</li> <li>• Is there market failure?</li> <li>• Is there reason to abandon consultation with associations?</li> <li>• Is there a clearly defined value or goal? Are there means for achieving this substantive end? Are the costs justified?</li> </ul>

### Cross-Value Critique

Both neo-utilitarian and pluralist democracy defend *a posteriori* definitions of the public interest on the grounds of value pluralism. Indeed, it is a characteristic of modernity and of the liberal state that consensus on substantive values has been lost (Grimm 1993, MacIntyre 2007 [1981]). From the perspective of theories that justify political outputs solely on procedural grounds, the arguments made for positive state intervention must be highly compelling. Individuals and groups with a plurality of values must find it legitimate to intervene in a particular policy sphere. Further, command-and-control policies are high-cost solutions to policy problems. They require an intensive research investment to establish the legislative guidelines for a given policy, and an extensive bureaucratic apparatus to monitor implementation. Whereas market mechanisms and associational governance generate incentives and mechanisms for implementation, etatist governance is based on an impartial bureaucracy and application of sanctions. Thus, virtually all of the normative and practical considerations in support of the neo-utilitarian and pluralist governance mechanisms may be enlisted as criticism of etatist governance. These high hurdles to le-

gitimate and efficient operation of command-and-control policies have in fact led to a loss of political support for positive government, yet, as we have seen, substantive standards provide a needed basis of critique for the results of the policy-process.

### Conditions for Command-and-Control Governance

Despite the difficulties, “substantive” policy solutions require policy makers to conduct research as to the “best” course of policy, and to rely on costly measures to introduce and implement the policy. In order to justify a command-and-control solution, we can begin precisely with the “substantive outputs” standard: is there indeed clarity and agreement about the normative goal or scientific standard to be achieved through the policy, and is the policy technology for achieving this end both available and justifiable? Has the problem of knowledge really been solved? Second, moving on to formal inputs, would individuals unanimously agree to this policy (formal inputs)? And is there indeed reason to suspect market failure in this area, such that a neo-utilitarian solution is not possible (formal outputs)? Moving to substantive inputs, if all substantively relevant associations could be consulted, would this solution meet their approval? Is there indeed a failure of the pluralist process, such that interest-group consultation and deliberation must be bypassed by an etatist determination of the public good (substantive outputs)? In raising these hypothetical questions about theoretical political procedures, we move to the next model, which aims precisely through institutional analysis to adjust decision-making procedures to produce better substantive outcomes.

## IV. Institutional Democracy: Deliberative Governance

As I have argued elsewhere, the normative core of the institutionalist perspective can be characterized by the combination of a search for substantively rational policy outcomes through formal procedural inputs (*Immergut* 1998, 2006). This normative position – found in classical texts from *Rousseau* to *Habermas* – results from the institutionalist analysis of both plebiscitary and representative democracy, which focuses on how institutional arrangements distort the policy process. As the preferences expressed in politics by both individuals and groups are affected by the institutional frameworks in which these preferences are expressed, they cannot be taken as a pure datum of political or normative analysis. Similarly, procedures for aggregating preferences and interests may distort political outcomes. Because of institutional biases in group formation and government recognition of groups, groups do not necessarily represent the full range of preferences and interests of citizens in a particular society. Furthermore, because the impact of groups on governmental decision-making varies, policy outcomes do not necessarily reflect the balance of group opinion. Consequently, institutionalists cannot accept *a posteriori* outcomes *prima facie*. Thus, like the proponents of etatist democracy, institutionalists are concerned with the substantive results of the policy-making process. However, unlike the etatists, they are unwilling to adopt a particular *a priori* definition of ‘the good.’ That is, while a particular policy might be criticized for not doing enough to redress class or gender inequality or environmental pollution, no given norm is seen as to be so overarching as to be able to provide a general guide to policy making. Furthermore,

in contrast to the pluralists – but like the neo-utilitarians – the institutionalist perspective does not recognize any particular social or cultural cleavages as being “primordial” so as to justify functionalist representation or a model of “group rights.” Consequently, the normative solution of the institutionalists has been to search for institutional procedures that allow expression of individual demands and values, but in such a way as to allow agreement on the public good. As aptly described by *Ingram and Schneider (2006, S. 174)*, this ideal consists of “open public forums in which citizens can and should be asked to confront public policy problems that affect them directly. In such forums people are encouraged to face policy problems not solely as clients or interest groups, but as citizens who can incorporate the view of others in their own ‘civic discovery’ of what constitutes the collective welfare.” (For further theoretical elaboration, see *Cohen 1989, Elster 1986, Fung 2006.*)

### Deliberation as Governance Mechanism and Policy Tool

As was the case for the first three models of democracy, the ideal of deliberative democracy has been applied at three levels: to the democratic policy process itself; to the use of deliberation as an ideal-type governance model; and to the analysis of deliberation as a policy tool. Classical proponents focused on institutional reform of representative democracy and administrative agencies so as to place substantive discussion of goals at the center of policy formulation and implementation (*Nonet 1969, Selznick 1984 [1949], Weber 1958 [1918]*). To this end, these authors urged a strengthening of the role of parliament and the rule of law, and limits on administrative discretion, interest group influence, and plebiscitary democracy. *Lowi’s (1979)* concept of “juridical democracy,” for example, proposes mechanisms such as sunset legislation with expiration dates to force parliamentary deliberation about the substantive ends of legislation, and agency procedures requiring adjudication based on re-assessing administrative law at regular intervals. Analyses of deliberation as a governance mechanism often focus more directly on discourse ethics and the quality communication – both amongst policy experts and policy participants (*Dryzek 2006, Hajer 1995, Holzinger/Knill 2008, Schmidt/Radaelli 2004*). Increasingly, scholarship has focused on deliberation as a policy tool, often examining local experimentation with democratic procedures and new forms of deliberative policy making, such as participatory budgeting (*Fung/Wright 2001*).

### Practical Considerations

As with the statist paradigm, it is precisely the institutionalist approach’s criticisms that raise the vexed issue of how to correct for these distortions and inadequacies of the political process. Thus the practical application of the institutionalist approach lags behind the substantive criticism. Ironically, such deliberative or juridical solutions may be appealing in precisely such areas where political discourse or political decision-making is extremely difficult. One such area is in the area of value conflict. Whereas the standard liberal solution to value conflict is to agree to disagree and to move the controversy into the private sphere, this is not always feasible. Surrogate motherhood, bio-politics, and cultural or identity politics are examples of value conflicts that can neither be privatized nor are they

easily resolved in parliamentary arenas. Court-like procedures, such as the bio-ethics committees required in all French hospitals or the school parent-teacher-student associations found in many urban school districts, could help to devolve these highly charged issues to deliberative arenas. Similarly, international courts and international rights are looked to as a solution for problems of migrants in an age of waning national sovereignty and increasing transnational movements.

### Cross-Value Critique

As with the other paradigms, cross-value critique can help to identify the strengths and weaknesses of proposals for deliberative democracy. The radical equality demanded of participatory democracy is actually quite similar to that of the neo-utilitarian paradigm, and thus subject to the same critical questions. From the perspective of concerns with substantive inputs, one must ask, how equal are the subjects of the deliberative process? Are they endowed with equal capacities and indeed an equal will to deliberate? From the perspective of concern with substantive outputs, one must ask whether there is a mechanism to ensure that deliberation will not become an end in itself, and whether participants can indeed achieve agreement on the substantive goals of policy and the means that should be used to achieve these goals. Thus, from the point of view of the etatist perspective, deliberative governance does not provide a guarantee that deliberation will define and further substantive ends of democracy. Nor is it clear how political accountability will be met in deliberative procedures. Finally, from a practical point of view, the deliberative perspective does not make full use of the existence of organized groups and professional associations, which could provide a basis for policy-making and implementation.

### Conditions for Deliberative Governance

From these criticisms, one can lay out the conditions under which deliberative governance may provide a legitimate and effective mechanism for governance. Institutional analysis suggests that the quality and efficacy of deliberative mechanisms depend upon: the achievement of equality amongst the participants; mechanisms for representation of the underprivileged or underrepresented; mechanisms for adjudication; and mechanisms for ensuring that decisions are actually made. At the same time, however, one must solve the problem of defining the community that constitutes the public sphere for the deliberation, and how exactly the rules for deliberation will be set and enforced, and the results implemented. Here, the institutionalist roots of the deliberative perspective may provide a corrective to the emphasis on the properties and possibilities of discourse. Procedural measures to improve the deliberative quality of parliamentary debates, associational governance, and international negotiations may be more practical and politically responsible than delegating public power to deliberations in diffuse and potentially unaccountable public spheres.

Table Five: Institutional Democracy

<b>MODEL OF DEMOCRACY</b>	<b>MODEL IV: INSTITUTIONALIST</b>
<b>Unit of analysis</b>	Institutions Political arenas Rules of the game
<b>NORMATIVE CONSIDERATIONS</b>	<ul style="list-style-type: none"> <li>• Substantive critique of policy outcomes</li> <li>• Eliminating inequalities in representation</li> <li>• Distinction between arguing and bargaining</li> <li>• Overcoming institutional and deliberative biases</li> </ul>
<b>PRACTICAL CONSIDERATIONS</b>	<ul style="list-style-type: none"> <li>• Value conflicts</li> <li>• Transnationalism</li> <li>• De-nationalization</li> </ul>
<b>POLICY TOOLS</b>	<ul style="list-style-type: none"> <li>• Procedures that allow for meaningful participation, deliberation, discourse:</li> <li>• Participatory budgeting</li> <li>• Bio-ethics committees</li> <li>• Open method of coordination</li> <li>• Cosmopolitan citizenship</li> </ul>
<b>CONDITIONS</b>	<ul style="list-style-type: none"> <li>• Can equality amongst participants be achieved?</li> <li>• Are there adequate mechanisms for representation?</li> <li>• Is there a mechanism in place for adjudicating claims?</li> <li>• Are there procedures guaranteeing political accountability and decision-making efficiency?</li> </ul>

## Conclusions

This essay has argued that conflicts about mechanisms of governance and policy tools are based on different normative models of democracy. By making the empirical assumptions and normative commitments of these models more transparent, and submitting each model to cross-value critique, it is hoped that the pragmatic application of these models may be furthered. In particular, institutional and political context must be considered as relevant to the question of fit between policy problems and policy tools.

## Sources

- Böckenförde, Ernst-Wolfgang*, 1976: Die Bedeutung der Unterscheidung von Staat und Gesellschaft im demokratischen Sozialstaat der Gegenwart, in: *Böckenförde, Ernst-Wolfgang* (Hrsg.), Staat und Gesellschaft, Darmstadt: Wissenschaftliche Buchgesellschaft, S. 395-431.
- Böhret, Carl /Jann, Werner/Kronenwett, Eva*, 1988: Innenpolitik und politische Theorie: Ein Studienbuch, Opladen: Westdeutscher Verlag.
- Buchanan, James M/Tullock, Gordon*, 1974: The Calculus of Consent: Logical Foundations of Constitutional Democracy, Ann Arbor: The University of Michigan Press.

- Cohen, Joshua*, 1989: *Deliberation and Democratic Legitimacy*, in: *Hamlin, Alan/Pettit, Phillip* (Hrsg.), *The Good Polity – Normative Analysis of the State*, Oxford: Basil Blackwell, S. 17-34.
- Cohen, Joshua/Rogers, Joel*, 1995: *Associations and Democracy*, London: Verso.
- Dryzek, John S.*, 2006: *Policy Analysis as Critique*, in: *Moran, Michael/Rein, Martin/Goodin, Robert E* (Hrsg.), *The Oxford Handbook of Public Policy*, Oxford: Oxford University Press, S. 190-203.
- Elster, Jon*, 1986: *The Market and the Forum: Three Varieties of Political Theory*, in: *Elster, Jon/Hylland, Aanund* (Hrsg.), *Foundations of Social Choice Theory*, Cambridge: Cambridge University Press, S. 103-132.
- Eschenburg, Theodor*, 1955: *Herrschaft der Verbände?*, Stuttgart: Deutsche Verlags-Anstalt.
- Fraenkel, Ernst*, 1968: *Deutschland und die Westlichen Demokratien*, Stuttgart: Kohlhammer.
- Friedman, Milton*, 1982 [1962]: *Capitalism and Freedom*, Chicago: University of Chicago Press.
- Fung, Archon*, 2006: *Democratizing the Policy Process*, in: *Moran, Michael/Rein, Martin/Goodin, Robert E* (Hrsg.), *The Oxford Handbook of Public Policy*, Oxford: Oxford University Press, S. 669-685
- Fung, Archon/Wright, Erik Olin*, 2001: *Deepening Democracy: Innovations in Empowered Participatory Governance*, in: *Politics & Society*, 29, S. 5-41.
- Gladwell, Malcolm*, 2005: *Blink: The Power of Thinking Without Thinking*, Boston: Back Bay Books, Little Brown.
- Habermas, Jürgen*, 1992: *Drei normative Modelle der Demokratie: Zum Begriff deliberativer Politik*, in: *Münkler, Herfried* (Hrsg.), *Die Chancen der Freiheit: Grundprobleme der Demokratie*, München: Piper, S. 11-24.
- Hajer, Maarten*, 1995: *The Politics of Environmental Discourse: Ecological Modernization and the Policy Process*, Oxford: Oxford University Press.
- Hayek, Friedrich A.*, 1960: *Die Verfassung der Freiheit*, in: *Die Verfassung der Freiheit (The Constitution of Liberty)*, Chicago: The University of Chicago Press, S. 13-497.
- Hernes, Helga Maria*, 1987: *Welfare State and Women Power: Essays in State Feminism*, Oslo: Norwegian University Press.
- Holzinger, Katharina/Knill, Christoph*, 2008: *The Interaction of Competition, Co-operation and Communication: Theoretical Analysis of Different Sources of Environmental Policy Convergence*, in: *Journal of Comparative Policy Analysis: Research and Practice*, 10, S. 403-425.
- Hood, Christopher*, 2006: *The Tools of Government in the Information Age*, in: *Moran, Michael/Rein, Martin/Goodin, Robert E* (Hrsg.), *The Oxford Handbook of Public Policy*, Oxford: Oxford University Press, S. 469-481.
- Immergut, Ellen M.*, 1998: *The Theoretical Core of the New Institutionalism*, in: *Politics & Society*, 26, S. 5-34.
- Immergut, Ellen M.*, 2006: *Institutional Constraints on Policy*, in: *Moran, Michel/Rein, Martin/Goodin, Robert E* (Hrsg.), *The Oxford Handbook of Public Policy*, Oxford: Oxford University Press, S. 557-571.
- Ingram, Helen/Schneider, Anne L.*, 2006: *Policy Analysis for Democracy*, in: *Moran, Michael/Rein, Martin/Goodin, Robert E* (Hrsg.), *The Oxford Handbook of Public Policy*, Oxford: Oxford University Press, S. 169-189.
- Kornhauser, William*, 1959: *The Politics of Mass Society*, Berkeley: The Free Press of Glencoe.
- Lehmbruch, Gerhard*, 2001: *Corporatism*, in: *International Encyclopedia of the Social and Behavioral Sciences*, Amsterdam: Elsevier Science, S. 2812-2816.
- Lindblom, Charles E.*, 1977: *Politics and Markets: The World's Political- Economic Systems*, New York: Basic Books, Inc. Publishers.
- Lowi, Theodore J.*, 1972: *Four Systems of Policy, Politics and Choice*, in: *Public Administration Review*, 32, S. 298-310.
- Lowi, Theodore J.*, 1979: *The End of Liberalism: The Second Republic of the United States*, New York: W. W. Norton & Company.
- Nonet, Philippe*, 1969: *Administrative Justice: Advocacy and Change in a Government Agency*, New York: Russell Sage.
- Norris, Pippa*, 1987: *Politics and Sexual Equality: The Comparative Position of Women in Western Democracies*, Brighton: Wheatsheaf Books.

- Offe, Claus*, 1969: Politische Herrschaft und Klassenstrukturen: Zur Analyse spätkapitalistischer Gesellschaftssysteme, in: *Kress, Giesela/Senghaas, Dieter* (Hrsg.), Politikwissenschaft, Frankfurt a.M.: Europäische Verlagsanstalt, S. 155-189.
- Okun, Arthur M.*, 1975: Equality and Efficiency: The Big Trade Off, Washington D.C.: The Brookings Institution.
- Olson, Mancur*, 1991: Aufstieg und Niedergang von Nationen. Ökonomisches Wachstum, Stagflation und Soziale Starrheit, Tübingen: J.C.B. Mohr.
- Peters, B. Guy*, 2005: The Problem of Policy Problems, in: *Journal of Comparative Policy Analysis: Research and Practice*, 7, S. 349-370.
- Sandel, Michael*, 1994 [1984]: Die verfahrensrechtliche Republik und das ungebundene Selbst, in: *Honneth, Axel* (Hrsg.), Kommunitarismus – Eine Debatte über die moralischen Grundlagen moderner Gesellschaften, Frankfurt a.M.: Campus Verlag, S. 18-35.
- Schmidt, Vivien A./Radaelli, Claudio M.*, 2004: Policy Change and Discourse in Europe: Conceptual and Methodological Issues, in: *West European Politics*, 27, S. 183-210.
- Schmitter, Philippe C./Streek, Wolfgang*, 1985: Private Interest Government: Beyond Market and State, London: Sage Publications.
- Schmitter, Phillippe C.*, 1981: Interest Intermediation and Regime Governability in Contemporary Western Europe and North America, in: *Berger, Suzanne* (Hrsg.), Organizing Interests in Western Europe, Cambridge: Cambridge University Press, S. 285-327.
- Schultze, Charles L.*, 1977: The Public Use of Private Interest, Washington, D.C.: The Brookings Institution.
- Selznick, Philip*, 1984 [1949]: TVA and the Grass Roots. A Study of Politics and Organization, Berkeley: University of California Press.
- Thaler, Richard H./Sunstein, Cass R.*, 2009: Nudge: improving decisions about health, wealth and happiness, London: Penguin.
- Tocqueville, Alexis de*, 1978 [1856]: Der alte Staat und die Revolution, München: dtv.
- Truman, David B.*, 1971 [1951]: The Governmental Process. Political Interests and Public Opinion, New York: Alfred Knopf.
- Weber, Max*, 1958 [1918]: Parlament und Regierung im neugeordneten Deutschland, Tübingen: J.C.B. Mohr (Paul Siebeck).
- Wilson, James Q.*, 1980: The Politics of Regulation, in: *McKie* (Hrsg.), Social Responsibility and the Business Predicament, New York: Basic Books, S. 135-168.

*Anschrift der Autorin:*

Prof. Dr. Ellen M. Immergut, Humboldt University Berlin, Institut für Sozialwissenschaften, Unter den Linden 6, 10099 Berlin  
E-Mail: immergute@cms.hu-berlin.de