

CSS - 2021

Question #03

Various scholars attend to the interaction between politics and markets to explain the way welfare states undertake social provisions, including providing for education (aka "human capital acquisition"), providing welfare benefits, work-family politicizes, and more.

Take two or more such analyses and explain with some care how political and market-based approaches help us understand how social policies develop. Which approaches do you find most resonant to your own thinking, and why?

↳ Introduction:

In the realm of welfare states, the intricate interplay between politics and markets shapes the development of crucial social policies. **Social policy** is a plan or action of government or institutional agencies which aim to improve or reform society. Scholars have dedicated their efforts to unraveling the complexities behind how welfare states

provide essential social provisions such as education, welfare benefits and work-family policies. The amalgamation of political and market-based approaches offers profound insights into the evolution of these policies, shedding light on the forces that drive their formulation, implementation and impacts.

↳ Unveiling the Power Duo: Political Economy and Institutional Analysis in Social Policy Development

Social policy development draws insights from two key approaches: the political Economy and Institutional Analysis.

The political Economy Approach considers the interplay between political dynamics and economic interests, emphasizing stakeholders negotiations and economic feasibility. In contrast, the **Institutional Analysis** Approach focuses on formal and informal institutions, historical context, and societal norms.

Integrating both perspectives equip policymakers to craft effective, contextually relevant social policies that cater to needs of their societies.

1) Political Economy Approach:

The political Economy Approach emphasizes the role of political dynamics, power struggles and economic interests in shaping social policies. This approach draws upon theories such as **Pluralism**, which highlights the role of multiple interest groups in shaping policies, and **Public Choice Theory**, which explores how self interested actors influence political decisions. It recognizes that social provisions are not solely driven by economic considerations but are heavily influenced by the distribution of power and the interests of different actors in the political landscape. The steps of how the political Economy Approach can guide the development of a social policy are given below:-

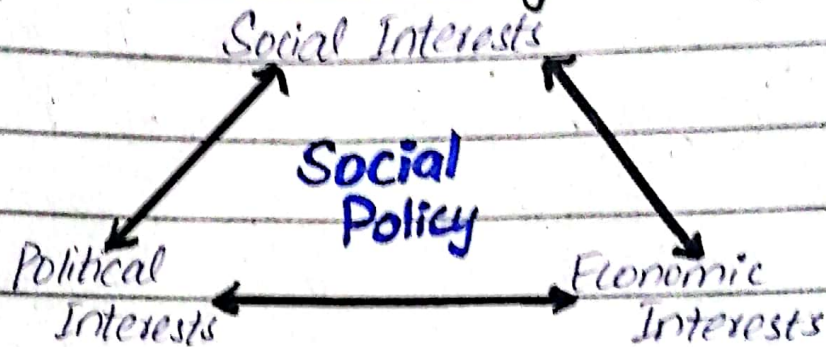
- 1- Identifying the Social issues
- 2- Understanding Stakeholders Interests
- 3- Assessing Economic Feasibility
- 4- Political Negotiations and compromises
- 5- Policy Design and implementation
- 6- Monitoring and Evaluation

7- Public Engagement and communication

8- Revisiting and adoption of policy

→ Relevance of Political Economy

Approach to Social Policy development:



The political economy approach helps to understand how political negotiations and economic interests influence the design and implementation of social policies. By considering following elements, we can gain inside knowledge about the policy development process:

1- Interest Group Influence:-

Various interest groups, such as labour unions, business associations and advocacy groups, play a pivotal role in advocating for policies that align with their interests. For example, teachers' unions may push for increased education funding, while business

associations may advocate for specific labour market policies.

2- Budgetary Constraints:

Economic factors including budget limitations and available resources, impact the feasibility of social policy proposals. Policymakers must consider economic constraints when allocating funds for social provisions.

3- Political Power and Decision-making:

The distribution of political power influences which policies are prioritized and enacted. Policy makers may face competing demands from different interest groups, the outcome of the policy process may be shaped by political bargaining and compromises.

Example :-

The federal minimum wage provisions contained in the Fair Labour Standards Act (**FLSA**) in **US** on July 2009 is the example of political economy approach in social policy development. The decision to increase the

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minimum wage involves intense debate and political negotiations between policymakers, labour unions, business groups and advocacy organizations. The political Economy Approach plays a crucial role in understanding the interests and trade-offs involved in setting the minimum wage level and determining its economic feasibility.

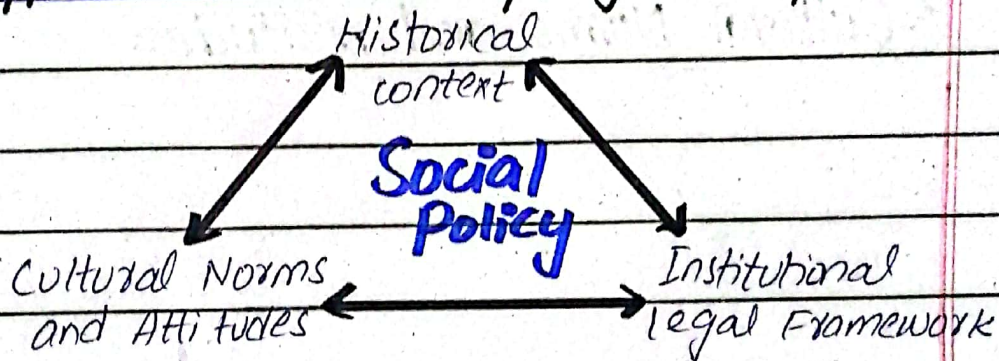
2) Institutional Analysis Approach:-

The institutional Analysis Approach examines the role of formal and informal institutions, legal frameworks, and societal norms in shaping policy development. This approach draws upon theories such as **Historical institutionalism**, which focuses on the influence of historical legacies on policy development, and **New Institutionalism**, which explores how formal and informal institutions shape policy outcomes. It emphasizes the significance of historical and cultural factors in influencing the nature and scope of social provision in country. Some of its key steps are given as

- 1- Understanding Historical context
- 2- Examining Existing Institutions
- 3- Identifying Institutional Barriers
- 4- Leveraging Institutional strength
- 5- Institutional capacity building
- 6- Public perception and cultural norms
- 7- Institutional Alignment with policy goals
- 8- Continuous learning and Adaption^{to}
- 9- Policy sustainability

→ Relevance of Institutional Analysis

Approach to social policy development:-



It helps us how historical legacies, formal institutions and cultural norms impact social policy development. Following elements are helpful to understand it:-

1- Historical Context:-

Historical experiences, such as post-war reconstruction or colonial legacies, can influence the development of welfare

Systems and policy priorities. Historical trajectories shape the existing social problems policies and inform future policy decisions.

2- legal Framework and Administrative structure

The type of government and the administrative setup can impact the implementation and enforcement of social policies. Institutional arrangements affect the capacity of the state to deliver the social provisions effectively.

3- Cultural Norms and Attitudes:

Societal norms, including attitudes towards work, family, and gender roles, influence the design and acceptance of work-family policies and welfare benefits.

Examples

In **Sweden**, the government provides a generous parental leave benefits to both mothers and Fathers, including **480 days of leave per child** and **390 of these days are paid at the rate of 80% of salary**. The policy was developed

by considering the existing legal framework for parental leave, the historical context of family policies in Sweden, and the country's commitment to gender equality.

↳ The Most Resonant Approach:-

Both the political economy and institutional analysis approaches are crucial in understanding social policy development. The political economy approach highlights power struggles and stakeholders' interests beyond economics, while the institutional analysis approach emphasizes the impact of history and culture along with the institutional framework. Together, these approaches provides a comprehensive understanding of welfare state development, identifying factors that lead to effective and sustainable social provisions.