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Exploring the notion of political feasibility in environmental policy

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Arbeidsnotatet utforsker begrepet om politisk gjennomførbarhet i miljøpolitikken med sikte på å utvikle et analytisk perspektiv som inkluderer viktige aspekter fra både økonomi og statsvitenskap. Notatet tar for seg relevant litteratur om politisk gjennomførbarhet med et særlig fokus på hvilke faktorer som kan forhindre at politiske løsningsalternativer får den nødvendige støtte – dvs. hvilke faktorer som kan begrense beslutningstakeres handlemulighet i deres valg av politiske løsningsalternativer og virkemidler. Drøftingen indikerer at politisk gjennomførbarhet kan ses som en funksjon av tre hovedkategorier av begrensninger: 1) fordelings effekter av miljøregulering mellom målgrupper; 2) maktfordelingen mellom målgrupper og beslutningstakere; og 3) egenskaper ved beslutningsprosessen der politikken utformes og vedtas.

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Abstract:

This essay explores the notion of political feasibility in environmental policy with an aim to develop an analytical approach that incorporates key aspects from both economics and political science. It assesses some of the relevant literature on political feasibility with a main focus on which sets of factors may make it more difficult for policy to achieve the necessary support – that is, which factors may serve to constrain policymakers' "freedom of choice" of policies and policy instruments. The discussion indicates that political feasibility may be seen as a function of three main categories of constraints: 1) the distribution of costs and benefits associated with environmental regulation among target groups; 2) the distribution of power among and between target groups and decision-makers; and 3) the institutional setting within which decision-making takes place.

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1 Introduction

For several decades, political feasibility has been a subject of study within both economics and political science, reflecting scholars' increasing awareness that in public policy there is often a gap between the "desirable and the possible" (Meltsner 1972: 859). This gap is particularly relevant in the case of environmental policy, which often displays a tension between what is technologically and/or economically "desirable" (efficient) and what is politically possible.

Political feasibility, however, is a term that is often used but seldom precisely defined. In many cases, political feasibility seems to be seen as self-explanatory; something is politically infeasible if it simply is not possible for "political" reasons. But political decisions – even unpopular ones – are made every day, so what makes one (unpopular) decision "feasible" and another "infeasible"? And, can we tell in *advance* which policies are likely to be associated with political feasibility problems?

The purpose of this essay is to explore the notion of political feasibility in environmental policy with an aim to develop an analytical approach that incorporates key aspects from both economics and political science. The essay assesses some of the relevant literature on political feasibility with a main focus on which sets of factors may make it more difficult for policy to achieve the necessary support – that is, which factors may serve to constrain policymakers' "freedom of choice" of policies and policy instruments.

In the literature, political feasibility is often associated with target-group support or opposition to specific policy alternatives. Target groups, however, do not have decision-making power. This essay thus argues that political feasibility is ultimately linked to the formation of winning coalitions in the decision-making bodies where environmental policies are adopted. The focus of analysis here is thus directed at the conditions under which target groups can prevent (or encourage) the establishment of winning coalitions in support of environmental regulations.

2 What is political feasibility?

At the most general level, political feasibility refers to the extent to which policies can be adopted and implemented successfully. Webber, for instance, understands political feasibility as "the relative likelihood that a policy proposal or alternative, and a variety of modifications to that alternative, could be adopted and implemented in such a way that a policy problem is solved or mitigated" (Webber 1985: 547). Political feasibility may be seen in terms analogous to technological or economic feasibility. Technological feasibility refers to the extent to which the required technology to implement a particular solution actually is available, whereas economic feasibility relates to the question of whether sufficient funds can be mobilised for the policy purpose.

In a similar way, there are "constraints" of a *political* nature that policies to a varying extent can satisfy (Majone 1975). A "constraint" is defined as "any feature of the environment that (a) can affect policy results, and (b) is not under the control of the policy maker" (ibid.: 261). A policy "is said to be feasible insofar as it satisfies all the constraints [technological, economic as well as political] of the problem which it tries to solve" (ibid.). Political feasibility, then, may be understood as policies that satisfy "the specific political constraints operating in the problem under consideration" (ibid.: 259).

But what are "political constraints"? And to what extent can we identify categories of political constraints that may be operative in any given decision-making process and that may

serve as a guide to empirical analyses of political feasibility in specific cases of policymaking?

3 Political constraints that may determine political feasibility

Three categories of constraints may be discerned from the literature as main determinants of political feasibility: 1) the distribution of costs and benefits associated with environmental regulation among target groups, 2) the distribution of power among and between target groups and decision-makers, and 3) the institutional setting within which decision-making takes place.

3.1 Constraints related to cost-benefit distribution

Academic interest in the phenomenon of political feasibility often stems from the observation that even though economic instruments such as taxes are demonstrably more cost-effective than traditional command-and-control regulatory practices, economic instruments are usually not the preferred policy choice in environmental policies. As early as the mid-1970s, Buchanan and Tullock demonstrated that target groups often prefer direct regulation (traditional command-and-control) over taxes (1975). In a more recent analysis, Felder and Scheiniger note that “although the efficiency argument in favor of economic measures in environmental policy is strong, such instruments constitute the exception rather than the rule in the real world. Moreover, measures that have been implemented do not correspond to textbook versions” (1999: 2). This is supported by Harrington et al. who find that both U.S. and E.U. environmental policies are characterised by “a mix of traditional regulatory approaches and economic incentives” (Harrington et al. 2004: 240). Bressers and Huitema observe that “among the ‘legal’, ‘communicative’ and ‘economic’ policy instruments, economic instruments are the ones least used in practice” and conclude that “apparently the political feasibility of economic instruments in environmental policy depends on other factors than the hypothetical advantages for policy effectiveness, the cost of instruments, or the practical results achieved in some sub-areas” (1999: 177). Why are economic instruments not used more frequently, given their apparent benefits with regard to cost-effectiveness?

Buchanan and Tullock’s analysis shows that one important explanation to this puzzling trend may lie in the distributional effects associated with environmental regulation: Even though environmental taxes normally benefit “all or substantially all members of the community”, the political setting of taxation nevertheless often represents one in which

a small, concentrated, identifiable, and intensely interested pressure group may exert more influence on political choice making than the much larger majority of persons, each of whom might expect to secure benefits in the second order of smalls. ... When, therefore, the regulation alternative [command-and-control] to the penalty tax is known to exist, and when representatives of the affected industry are observed strongly to prefer this alternative, the temptation placed on the legislator to choose the direct control policy may be overwhelming, even if he is an economic theorist and a good one (Buchanan and Tullock 1975: 142-3).

Buchanan and Tullock’s proposition is echoed in other scholarly work and is shown to be relevant not only for the choice between regulatory options (economic instruments versus traditional command-and-control), but may also have relevance for the likelihood that environmental policies are adopted in the first place (see, for instance, Wilson 1980; Daugbjerg and Svendsen 2001). Thus, Daugbjerg and Svendsen suggest that the cost-benefit

distribution often associated with environmental policies “means that producers have strong incentives to organise opposition to the introduction of burdensome environmental policies” whereas “...those benefiting from pollution control do not have similar incentives to enter the policy process” (2001: 2).

How may this type of distributional constraint be addressed? Buchanan and Tullock suggest that political feasibility may be increased by providing some sort of compensation to the affected target group and thus altering their incentives to oppose: “If revenues are used to subsidize those in the industry subjected to capital losses from the tax, and if these subsidies are unrelated to rates of output, a two-sided tax subsidy arrangement can remove the industry source of opposition while still ensuring efficient results” (Buchanan and Tullock 1975: 143). They also note, however, that economists generally are sceptical to this type of solution (see also Harstad and Eskeland 2007).

Intensely dissatisfied interest groups, however, are not *always* in a position to shift policy decisions in their own favour. Kasa, for instance, has shown that in the case of the introduction of a Norwegian CO₂ tax, the mainland energy intensive industries succeeded in acquiring an exemption whereas the offshore petroleum sector “had to accept an increasing tax burden during the 1990s” even though the petroleum sector is much more important in terms of its relative contribution to the Norwegian economy (Kasa 2000: 104). This indicates that power capabilities are unevenly distributed among target groups. Simply being an intensely dissatisfied party does not, in itself, suffice to influence the policy process. In developing strategies to overcome political feasibility problems caused by distributional effects, special attention should therefore be given to parties that are in a “pivotal” position in the decision-making process (Underdal 1992).

Pivotal stems from the noun pivot, which means “crucial or essential person, point, etc.” upon which something (for instance a decision) can turn.¹ In policymaking, pivotal refers to a decision-maker or a group of decision-makers (for instance, a political party) that are in a position to determine the outcome of a vote. A target group that does *not* have formal decision-making power can thus only become “pivotal” through its relations with decision-makers that are in a position to turn a vote. Hence, two conditions must be met for target groups to influence policymaking: 1) Their interests must be represented by decision-makers 2) who are in a pivotal position in the decision-making process. The first condition is linked to the distribution of power between and among target groups and decision-makers (discussed in section 3.2). The second condition is linked to the institutional setting of the decision-making process (discussed in section 3.3).

3.2 Constraints related to the distribution of power

In democratic systems, governmental bodies at the national level are constituted by decision-makers representing political parties with different ideological perspectives and positions on environmental policies and that represent the interests of society in different ways. Decision-makers that wish to adopt and implement a piece of public policy will, in most cases, find that their ability to do so is constrained by the interests of other decision-makers in the policymaking system, as well as by the interests of societal groups that are affected by the policy. Other decision-makers can constrain the “political opportunity space” by their voting power in decision-making bodies. Interest groups can constrain the political opportunity space to the extent that they control the resources decision-makers need to realise their political ambitions, such as electoral support required to ensure re-election.

Thus, decision-makers operate within relationships of mutual dependence: The decision-maker’s “advantages are checked by the advantages of others. Continuing relationships will pull in both directions. These are relations of mutual dependence” (Neustadt 1960, cited in

¹ The Oxford Dictionary of Current English, Second Edition, Oxford University Press, 1992.

Majone 1975: 267). Assessment of the political feasibility of particular policies thus requires insight into the relationships of interdependence that characterise the decision-making situation.

Decision-makers and target groups control different resources: The resources controlled by decision-makers are “partial control of collective decisions and information about the legislative agenda and other details of the political process” (Pappi and Henning 1998). Interest groups, in contrast, often control the expert knowledge decision-makers may need to “optimize policy outcomes” as well as the public support decision-makers need to enhance their likelihood of re-election (*ibid.*). Pappi and Henning thus model the exchange process as one in which “expert knowledge and public support are exchanged with monitoring information and control of policy decisions” (*ibid.*).

Interest groups are often associated with specific parts of the electorate (left/right, employers/employees): Labour unions may control support by a segment of the electorate that is essential to liberal parties but insignificant to conservative parties. Employers’ associations, in contrast, may control support by a segment of the electorate that is essential to conservative parties but insignificant to liberal parties. Thus, whereas the relationship between liberal parties and labour unions often is characterised by mutual dependence, the relationship between conservative parties and labour unions is not. Similarly, while the relationship between employers’ associations and conservative parties often is characterised by mutual dependence, the relationship between liberal parties and employers’ associations is not. It thus makes sense to talk about patterns of interdependencies that represent more or less stable constraints in the political system. These are often referred to as “policy networks”.

Over the last couple of decades, the notion that policy networks constitute a key mechanism for interest-group participation and influence in public policymaking has acquired a central position in the literature (see, *inter alia*, Reitan 1998; Börzel 1998; Thatcher 1998; Richardson 2000). Although policy network has become a popular term among analysts of public policy, its substantive content and analytical status are disputed. Thus Thatcher maintains that “there is no one single policy network approach in public policy. On the contrary, it is essential to recognize that, after modest beginnings, different forms of policy network/community approaches have been elaborated over a period of more than two decades” (1998: 390; see also Börzel 1998).

What is a policy network? Reflecting the diversity of approaches categorised under this label, definitions vary. There seems to be a general understanding, however, that networks include two main groups of actors: public and private. Thus König suggests that policy networks be understood as “a new self-organizing form that coordinates a growing number of public (decision-makers) and private (interest groups) actors in a manner different from markets or hierarchies” (1998: 387). In a similar vein, Pappi and Henning consider “policy network” to be a term “used to label ... entities consisting of public and private actors interested in specific policies and taken into account by other players” (1998: 553).

The literature distinguishes between two types of policy networks according to their stability. First, in “issue networks” alliances are formed in relation to specific issues (see, for instance, Marsh 1998: 14; König and Bräuninger 1998). Issue networks are often fluid in the sense that they form and dissolve in direct correlation with the lifetime of specific issues on the political agenda. Second, in “policy communities” we find more stable network relations between government actors and private interests (Marsh 1998: 14). Policy communities are somewhat similar to the phenomenon referred to as “iron triangles”, which are constellations of special interest groups and parallel specialised branches in parliament and the bureaucracy (Marsh 1998: 5).

Policy networks are often understood in terms of relationships of interdependence between public and private actors within which resources are exchanged:

The vast majority of the policy network literature deals with heterogeneous policy networks, in which the actors involved dispose of *different* interests and resources. This heterogeneity of interests and resources creates a state of interdependence among actors linking them together in a policy network where they mediate their interests and exchange their resources (Börzel 1998: 258; see also König and Bräuninger 1998; Pappi and Henning 1998).

Policy networks are thus often seen as an effort by actors “to optimize their resource allocation in collective decision-making by overcoming their different positions on political events (...). Where gridlock occurs, exchange may provide a solution through issue linkage promoting a better situation for both opponents” (König and Bräuninger 1998: 448).

Policy networks may also be formed on the basis of similar interests and resources (Börzel 1998). An example of a homogenous type of policy network is Peter Haas’s notion of epistemic communities (1989; 1992).

The explanatory power of policy networks for public policymaking is disputed. Although the network approach is based on the assumption that “policy networks, which reflect the relative status of power of particular interests in a policy area, influence (though [do] not determine) policy outcomes” (Börzel 1998: 258), it is also pointed out that “it still remains to be shown that policy networks do not only *exist* in European and national policy-making but are also *relevant* for policy process and outcome...” (ibid.: 267). Even though the term arguably has disputable explanatory power, it is seen as a useful metaphor “to describe new forms of governance beyond state control involving both public and private actors” (Pappi and Henning 1998: 553). In particular, it may serve as “an analytical tool for examining institutionalized exchange relations between the state and organizations of civil society...” (Börzel 1998: 258, emphasis deleted).

What does this imply for assessments of political feasibility? Ultimately it is relationships of *interdependence* that determine the influence of interest groups. Thus, to the extent that environmental policies target organised interests whose support decision-makers need to realise their policy ambitions, these interest groups may be in a pivotal position in the decision-making process. To the extent that membership in policy networks serves to increase interest groups’ political resources, their position is reinforced. In such cases, policy measures are likely to be associated with a political feasibility problem unless these policies are coordinated with the relevant interest groups.

Interest groups may control resources decision-makers need to realise their policy ambitions and which may provide interest groups with an influence potential in public policymaking. Interest groups, however, do *not* have formal decision-making power. Ultimately, therefore, interest-group influence depends on the capability of their governmental “allies” to control collective decision-making, which is strongly linked to the institutional setting, notably the rules of procedure, within which decision-making takes place.

3.3 Factors related to the institutional setting

As pointed out by Hovi and Rasch, we often understand collective decisions as expressions of decision-makers’ wishes (1993: 134). Yet, analyses also show that the multitude of methods used to reach collective decisions affect their substantive content (Hovi and Rasch 1993; Shepsle and Bonchek 1997). Thus the institutional setting and particularly the rules of procedure guiding collective decision-making represent important determinants of the decisions that are adopted and whose preferences are realised in the process (ibid.). For instance, within both economics and political science political feasibility is often discussed in terms of the extent to which policies represent a Pareto improvement. Whether Pareto

improvement is required for collective decisions to be politically feasible, however, depends on the rules specifying the conditions under which collective decision are adopted.

At the international level, decisions are normally made under the most demanding of all decision rules: requirements of consensus or unanimity.² At the international level, therefore, each (key) actor in principle has veto power: If a (key) actor opposes the proposed alternative, the alternative is not adopted.³ In this setting, policies have to satisfy the requirement of Pareto improvement in order to be politically feasible. A solution alternative must be “preferred by all parties to the best alternative that is unilaterally accessible”, or at least be “preferred by ... one party and not considered inferior to any unilaterally accessible solution by any prospective partner” (Underdal 1992: 223; see also Hovi 1998: 59).

But to what extent does this apply at the national level where decisions are made with all kinds of different decision-making rules? Majone maintains that given the relationship of interdependence that characterises interest groups and decision-makers, politically feasible policy decisions at the national level must satisfy a (similar) requirement of “Pareto admissibility”: “A decision affecting a number of people is said to be Pareto admissible if there is no other feasible decision that is preferred by one or more persons, and if nobody regards it as inferior” (Majone 1975: 268). The criterion of Pareto admissibility is particularly relevant “to characterize *changes* in social situations... A change from state S to state S¹ is Pareto admissible if, in the transition, either every person in the relevant group is made better off, or at least one person is made better off, and nobody is made worse off” (ibid.).

The literature on rational choice shows, however, that the validity of Majone’s argument depends on the rules of procedure within which decisions are made. Under unanimity rules, the Pareto requirement must be satisfied for policy measures to be politically feasible. Under various forms of majority voting, however, this is not the case and analyses show that decisions not satisfying this requirement are made on a regular basis (Hovi and Rasch 1993).⁴

Rules of procedure include decision-making rules (which level of support is necessary for collective decisions to be adopted?) and aggregation methods. With regard to decision-making rules, main categories are plurality, simple majority, qualified majority and unanimity (discussed with a point of departure in Hovi and Rasch 1993: 136). *Plurality* (sometimes referred to as simple plurality) implies that the alternative that is given most votes is adopted. In a decision-situation with three or more alternatives, this means that an alternative that receives less than half the votes may still be adopted as the collective decision. *Simple majority* implies that an alternative has to be supported by at least half of those present and voting. *Qualified majority* implies that *more* than half of those present and voting have to support an alternative for it to succeed as the collective’s choice. Threshold levels of support are normally specified at 2/3 or 3/4 majority, but threshold levels may vary. Some types of decisions in the International Monetary Fund (IMF), for instance, require as much as 70 and 85 per cent of the votes to be adopted⁵ (Hovi and Underdal 2003: 67). In some cases, threshold levels of support are related, not to those present and voting, but to the electorate as

² It should be noted that there are exceptions to this general rule. Various types of majority voting are used both within the European Union and the United Nations (see Hovi and Sprinz 2006).

³ In practise, not all countries are in position to turn a vote or a decision. For instance, whether a country like Lichtenstein supports a solution or not would in most cases be insignificant for the adoption of a solution. If Lichtenstein decided not to join an international agreement it would normally have little impact on the effectiveness of the solution, and the defection would thus likely not impact other parties’ decision to go ahead with the agreement or not.

⁴ The Pareto requirement may still be important, but then as a normative standard for democratic decision-making rather than as a measure of required support for politically feasible policies.

⁵ Votes in the IMF are weighted according to the country’s importance in the international economy. A threshold level of 85 per cent gives the United States a *de facto* veto (Hovi and Underdal 2003).

a whole (i.e., an alternative must be supported by a specified majority of all that are eligible to vote). Finally, as indicated above, *unanimity* implies that an alternative must be supported by all present and voting.

Aggregation methods signify the manner in which a majority is aggregated (discussed with a point of departure in Shepsle and Bonchek 1997). Methods often cited include *plurality runoff*, which is plurality voting in two stages. With *sequential runoff*, the winner is selected by eliminating the alternatives with fewest votes in sequential rounds of balloting. The *Borda count* “allows voters to express preferences about *all* the alternatives” by awarding points to the alternatives in accordance with how they are ranked. The alternative with the most points wins (Shepsle and Bonchek 1997: 169). Finally, the *Condorcet procedure* “seeks to determine whether there is some specific alternative that can secure a majority against each of the others in a pairwise round-robin tournament. If so, that is the winner” (ibid.). Not all decision situations have a Condorcet winner.

By recounting an “absolutely evil example”, originally invented by Joseph Malkevitch, Shepsle and Bonchek illustrate how voting methods can determine the substantive content of collective decisions (1997: 167ff). A group of 55 individuals are set to choose among five alternatives, (a, b, c, d, e). Six distinct preference orderings are represented in the group. The example shows that different aggregation methods yield different winners:⁶ Plurality voting produces victory for alternative *a*, in the plurality runoff procedure alternative *b* is the winner, in the Borda count alternative *d* wins, whereas the decision situation also has a Condorcet winner, which is alternative *e*.

Rules of procedure have an obvious impact on the substantive content of collective decisions and thus also affect each actor’s ability to realise its interests. Unanimity and qualified majority rules, for instance, give minorities veto (unanimity) or near-veto (qualified majority) power (Hovi and Rasch 1993). Moreover, at least in situations where the choice is whether or not to adopt a change, the bias towards status quo (the no-change alternative) is stronger the more demanding the decision-rule is (ibid.).

These examples are all based on an assumption of sincere voting. That is, actors are assumed to vote in accordance with their true preferences. In politics, however, tactics and strategies abound, and there is no reason to believe that sincere voting will take place (Hovi and Rasch 1993). This implies further that parties are likely to act strategically and manipulate the decision situation if it enhances the likelihood that their preferred alternative also becomes the preferred alternative by the collective. Hovi and Rasch point to four ways in which actors may try to manipulate the decision situation (Hovi and Rasch 1993ff):

1. *Tactical or strategic voting* implies that an actor votes in favour of an alternative even though it is not the alternative the actor sincerely prefers, with an aim to improve his own payoff in the final outcome. Hovi and Rasch point out that in parliamentary proceedings, tactical voting may be difficult to defend publicly, and that tactical voting for this reason is less common in this particular setting (1993: 177).
2. *Manipulation of voting order*: In some cases the order in which alternatives are put to a vote is decided by convention (for instance, on the basis of type of issue). In other cases, however, the parties themselves must agree on the voting order before the issue actually is put to a vote. The order in which alternatives are put to a vote may be decisive for the outcome of the decision-making procedure. Thus, by manipulating the voting order, an actor can improve his own payoff in the final outcome of the process.

⁶ This is the result given a specified preference ordering and a specified voting order. For the details on this example, see Shepsle and Bonchek (1997: 167-170).

3. *Manipulation of the set of alternatives:* Ideally the collective's ranking of two alternatives should be independent of the introduction of a third alternative. That is, if the collective ranks x over y, it should also rank x over y even if alternative z is introduced. Hovi and Rasch show that not all aggregation methods satisfy this requirement (1993: 161). In such cases, an actor can manipulate the outcome of the collective decision by tactically introducing or withdrawing a new alternative to the set of alternatives that are put to vote.
4. *Manipulation by vote-trading or log-rolling:* By linking issues and trading votes, parties may achieve a higher payoff in the final outcome than if issues were not linked. The essence of issue linkage is that one party supports a specific alternative on one issue (on which it does not have a strong preference) and gets another party's support in return on a specific alternative on another issue (on which it does have a strong preference). Issue linkage may be seen as a form of tactical voting that takes place within the framework of an informal agreement with another party and that leaves both parties better off.

What does this imply in terms of political feasibility? The discussion indicates that the outcome of a decision process – the formation of a winning coalition – depends on decision rules and strategic behaviour as much as what constitutes decision-makers wishes. Further, to the extent that qualified majority voting constitutes a typical decision-making procedure in environmental policymaking, the interests of the minority (for instance, a small, but intensely interested target group) are favoured by the institutional setting. The interest group only has to convince a minority of actors with formal decision power to acquire influence on the process. To the extent that even more demanding decision rules, such as unanimity, are employed, their position is strengthened. In such cases, policies are likely to be associated with a political feasibility problem, unless they are coordinated with the relevant interest group. As an afterthought it is also interesting to note that to the extent that decision rules vary with issue type, interest groups may influence the decision process (and the likelihood that winning coalitions are formed) by influencing the terms in which the issue under consideration is understood, or the problem is defined.

4 Conclusion

The above discussion indicates that political feasibility may be seen as a function of three main categories of constraints: 1) the distribution of costs and benefits associated with environmental regulation among target groups; 2) the distribution of power among and between target groups and decision-makers; and 3) the institutional setting within which decision-making takes place.

Economic analyses point to the distributional effects often associated with environmental policies, in which costs are concentrated and benefits are broadly distributed, and that often result in an outcome where a small, but intensely interested target group blocks a policy decision even if it would leave the majority better off. The example of the introduction of the Norwegian CO₂ tax indicates, however, that simply being an intensely dissatisfied target group is not enough to shift policy decisions in one's own favour.

Two conditions must be met for target groups to influence policymaking: First, given that interest groups do not have formal decision-making power, their interests must be represented by decision-makers that do. This aspect is linked to relationships of interdependence between and among target groups and decision-makers. To the extent that environmental policies target interest groups whose support decision-makers need to realise their policy ambitions, these interest groups may be in a position to block a collective decision. In such cases, policies are likely to be associated with a political feasibility problem unless they are coordinated with the relevant interest group.

Second, the decision-making “ally” of the target group must be in a position to turn a vote in the target group’s favour by forming a winning coalition around its preferred policy alternative. The formation of winning coalitions is strongly linked to the institutional setting within which decision-making takes place. Two main dimensions of the institutional setting are discussed in this essay: decision-making rules and aggregation methods. The discussion shows that the institutional setting has an independent impact on the substantive content of collective decisions. A general conclusion may be drawn that the more demanding the decision-rule, the more likely it is that a small but intensely interested target group is in a position to block collective decisions.

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