# The Policy Environment

Understanding the Context of Policymaking POSC 315: Introduction to Public Policy Lecture 2 (Part 2 of 2)

Summer 2025

California State University, Fullerton

# The Policy Environment

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#### Why Study the Policy Environment?

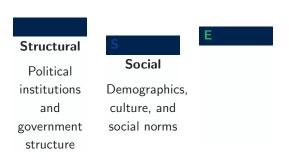
To understand why certain policies are adopted while others are rejected, we must examine the broader context.



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Political institutions and government structure

2



## Structural

Political institutions and government

structure



Demographics, culture, and social norms



# Economic

Resources, markets, and financial conditions





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## **Political**

Public opinion, elections, and political climate



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Global relationships and influences

These environments interact with and influence each other

## The Structural Environment

The formal and informal political institutions that make and implement collective decisions.

Basic Features of American Government

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# Basic Features of American Government

- Separation of powers
- Federalism
- Checks and balances

# **Policy Implications**

#### The Structural Environment

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# Basic Features of American Government

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## **Policy Implications**

- Multiple points of access for influence
- Difficulty passing major policies
- Incremental change more common than radical reform

## 1. Constitutional

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#### 2. Institutional

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#### 3. Jurisdictional

#### 1. Constitutional

The Constitution limits government power and protects certain rights

#### 2. Institutional

Established procedures and rules shape how policies are made

#### 3. Jurisdictional

Division of powers between federal, state, and local levels

## The Social Environment

## **Political Culture**

The set of shared beliefs, values, and norms that influence the political system.

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The set of shared beliefs, values, and norms that influence the political system.

#### **Basic Features of American Political Culture**

- Liberty
- Equality
- Democracy
- Civic duty
- Individual responsibility

# The U.S. Population is Becoming:

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- More diverse
  - Racial and ethnic composition
  - · Religious affiliation
- Older
  - Aging baby boomers
  - Longer life expectancy

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- Concentration in metropolitan areas
- More educated
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The government must respond to these changing needs through policy adaptation

# **Social Environment Policy Implications**

# Challenges

# **Social Environment Policy Implications**

#### Challenges

- Increasing demand for social services
- Growing healthcare needs
- Changing workforce dynamics
- Housing and infrastructure pressures

## **Policy Responses**

# **Social Environment Policy Implications**

#### **Challenges**

- Increasing demand for social services
- Growing healthcare needs
- Changing workforce dynamics
- Housing and infrastructure pressures

### **Policy Responses**

- Social safety net programs
- Healthcare reform efforts
- Education and workforce development
- Urban planning and development

## The Economic Environment

## **Economic Conditions**

The state of the economy shapes policy priorities, options, and constraints.

## **Key Economic Factors**

## The Economic Environment

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## **Key Economic Factors**

- Business cycle
  - $\begin{array}{c} \bullet \;\; \mathsf{Expansion} \to \mathsf{Peak} \to \\ \mathsf{Contraction} \to \mathsf{Trough} \end{array}$
  - Inflation and deflation
  - Unemployment
  - · Economic growth
  - Income inequality

#### **Economic Indicators**

#### The Economic Environment

#### **Economic Conditions**

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#### **Key Economic Factors**

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#### **Economic Indicators**

- Gross Domestic Product (GDP)
- GDP growth rate
- Unemployment rate
- Inflation rate (CPI)
- Government debt and deficits
- Poverty rate

#### The Political Environment

#### **National Mood**

The public's general attitude toward government and politics significantly influences policy development.

#### **Measurement Tools**

## The Political Environment

#### **National Mood**

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# Policy Implications

#### **Measurement Tools**

- "Direction of the Country" polling
- Presidential approval ratings
- Congressional approval ratings
- Trust in government metrics

## The Political Environment

#### **National Mood**

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#### **Measurement Tools**

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## **Policy Implications**

- Window of opportunity for reforms
- Constraints on unpopular initiatives
- Electoral pressures on policymakers
- Agenda-setting influence

## **Most Important Problem**

## **Public Priority Setting**

Gallup regularly asks: "What do you think is the most important problem facing the country today?"

# **Most Important Problem**

### **Public Priority Setting**

Gallup regularly asks: "What do you think is the most important problem facing the country today?"

Responses to this question help identify public priorities and shape policy agendas

#### Survey resources:

https://news.gallup.com/poll/1675/most-important-problem.aspx

Analysis example: NYT 2016: The Most Important Problem Facing America?

## The International Environment

Globalization

**Basic Features** 

#### The International Environment

#### Globalization

#### **Basic Features**

- International economy
  - Trade agreements
  - Financial markets
- International organizations
  - UN, WTO, IMF, World Bank
- International law and treaties

# **Policy Constraints**

#### The International Environment

#### Globalization

#### **Basic Features**

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## **Policy Constraints**

- Trade obligations limit protectionist policies
- Global competition affects labor/environmental standards
- Treaty commitments require policy alignment
- International pressure on human rights issues

# The Overall Policy Environment

The overall policy environment is the combination of the structural, social, economic, political, and international environments.

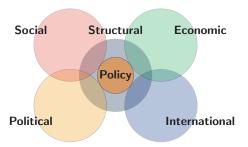
# The Overall Policy Environment

The overall policy environment is the combination of the structural, social, economic, political, and international environments.

#### **Key Characteristics**

- The policy environment provides the context in which the policy process takes place
- The policy environment influences what issues are considered, what options are available, and what solutions are implemented
- The policy environment can enable or constrain policy choices
- Different policy areas are affected by different aspects of the environment

## **Environment Interactions**



Policy is shaped by the interaction of multiple overlapping environments

# Case Study: Healthcare Policy

#### **Structural**

- Federalism divides responsibility
- Constitutional questions about mandates
- State vs. federal jurisdiction

#### Social & Economic

- Aging population
- Rising costs
- Employmentbased insurance system

# Political & International

- Ideological divisions
- Interest group influence
- Comparisons to other nations' systems

# Key Takeaways

- Multiple Environments: Policy is shaped by structural, social, economic, political, and international contexts
- Constraints and Opportunities: Environments both limit and enable policy choices
- Interactions: Environmental factors influence and reinforce each other
- Dynamic Nature: Policy environments change over time, creating new challenges and opportunities
- Comprehensive Analysis: Understanding the full environment is essential for effective policy analysis

# That's it for Today!

#### **Review Questions**

- How do the stages and systems models help us understand the policy process?
- Which environmental factors are most influential in your area of policy interest?
- How might changes in one environment affect the others?