

# Policy Feedback and the Inflation Reduction Act: Literature Review

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## Introduction

In its first two years, the Biden administration passed several pieces of landmark legislation: the American Rescue Plan, the CHIPS & Science Act, the Infrastructure, Innovation, and Jobs Act, and the Inflation Reduction Act. Together, these policies amount to the largest infusion of federal fundings in domestic policy since the 1960s, amounting to approximately \$370 Billion in funding. Coming on the heels of the Covid-19 pandemic emergency and a series of [historically gridlocked](#) Congressional sessions, this aggressive legislative agenda appeared to fit with a public mood to dramatic steps to address major challenges from climate change to economic challenges to neglected infrastructure. What are the political impacts of this ambitious policy program on public opinion, political support, and civic engagement among those who benefit?

To answer this question, we consult a vast literature in political science on the political effects of domestic policy in the US and beyond. These laws entail a wide range of individual programs, with varied goals and implementation designs, on varying timelines, that are likely to be perceived, understood, and experienced in varied ways by the public. These bills provided funding for a mix of local public goods (eg, infrastructure), targeted business support that may impact community economic well-being (eg, investments in chips manufacturing and tax incentives for electric cars and charging stations), and a range of private goods (eg, jobs, economic support during the Covid emergency period), some of which are nearly universal and some of which are targeted to particularly hard-hit groups or sectors of the economy. Policymakers and other leaders can benefit from understanding how the public responds to programs of these types, especially if they seek to leverage these policies to build political support—to sustain these policies, to build support for similar policies, or for electoral messaging for the coalition that enacted these laws.

Toward this goal, this literature review provides insights into the political effects and opportunities associated with different types of public policies. We draw on scholarly and public insights on key questions related to the implementation of these policies and their potential political impacts:

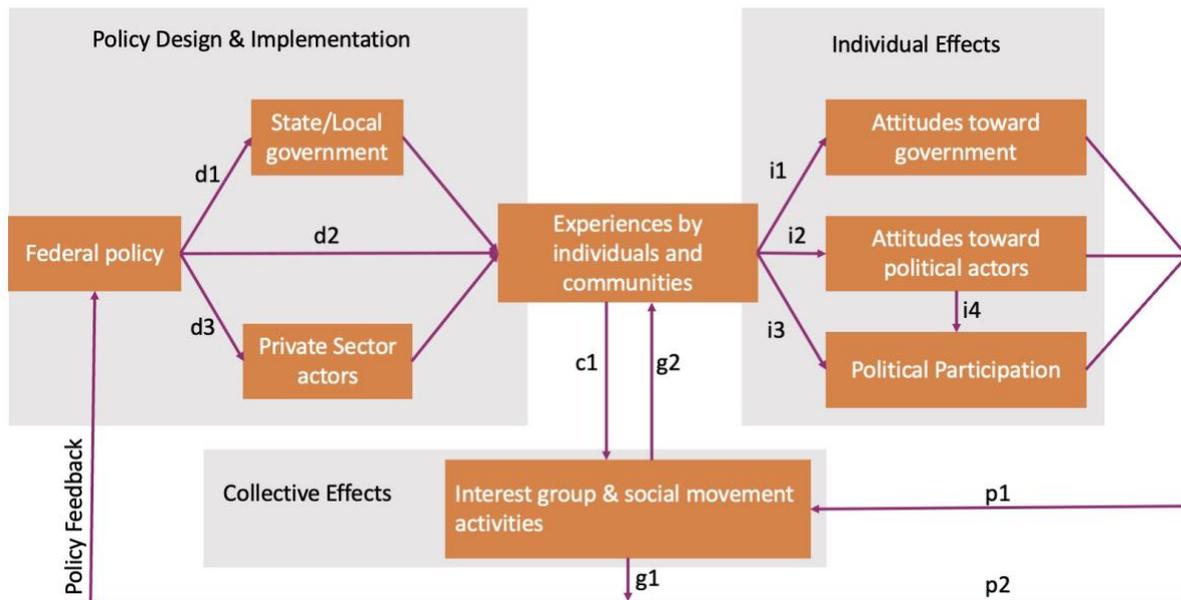
- 1) What types of policy benefits are most associated with increased political support or increased support for government programs broadly?
- 2) What types of messaging is most helpful for different partisan constituencies around local policy implementation?
- 3) How can grassroots efforts facilitate increased political support and/or engagement?

A wide range of research in political science and policy studies can shed light on the relationships between policy design, public views on these policies. We conclude by identifying areas for making strategic organizing and messaging recommendations that can maximize these political opportunities.

## The Political Effects of Policy: Key Concepts

Public attention is often focused on how politics shapes policy. For instance, analysts assess whether lawmaking is responsive to [public opinion](#) or social movements; they assess the activities of interest groups proposing (or trying to block) potential solutions to a public problem; and accounts of the [institutions](#) and legislative processes that lead to the eventual passage (or failure) of a bill in Congress. To a great extent, that's when the action *begins*. After passage, government agencies design the implementation of new programs and deliver benefits to members of the public, and enforce new rules. At the same time, the public evaluates whether government is improving their lives and political and civil society groups invest in attempts to protect, expand or undermine policy programs (Campbell 2012).

Figure 1 presents a model of how policy can shape politics. Beginning at the left-hand side, a policy is created and implemented by the federal government (paths d1, d2, and d3), and generates individual and collective experiences among members of the public. Those experiences shape opinion and political participation among individuals in the mass public (paths i1, i2, and i3) and collective group advocacy activities (path c1). Experiences of the policy among members of the public may have many effects. The key outcomes are attitudes toward government generally (i1); attitudes toward particular political actors, especially in terms of giving credit for a successful policy (i2); and ultimately changed political behavior, including overall higher levels of participation, as well as voting for the officials that created the policy (i3). The public, thus changed by the policy, takes part in the next round of politics either through organized group activities (p1) or directly through elections (p2). Organized groups participate directly in the next round of policy making (g1). More importantly for our discussion, they also engage in issue campaigns that affect how the public experiences the policy (g2), which can then amplify and shape the individual effects.



Scholars have theorized many factors that may strengthen or weaken the pathways through which policy feedback operates.<sup>1</sup> Much of the foundational research in this area provides [crucial insights for policy designers](#) who want to encourage policy feedback. Unfortunately, the policy design process is over once the bill becomes a law. This means outside actors seeking to amplify feedback effects must focus their efforts on using pathway g2 to shape public opinion and behavior (as well as continue their direct participation in politics along pathway g1). From a practical perspective, outside groups can benefit from a theoretical understanding of which kinds of policies their efforts are more likely to yield the desired result of changed opinions, and what kinds of interventions are likely to generate political change. The next section identifies key characteristics of policies likely to generate feedback, and makes generalized recommendations about how outside groups can increase the likelihood and magnitude of that feedback.

## Which Kinds of Policies Translate to Political Support? Key Concepts

### Policy Characteristics

<sup>1</sup> Institutional research on policy feedback focuses on design and implementation , identifying characteristics of legislation that make it more or less likely that positive feedback loops occur overall, and often focuses on how these design elements generate organized groups that will support the policy (Hacker 199X, Hacker and Pierson XXXX, Campbell 2012, Hertel Fernandez 2012). A newer strain of behaviorist research assesses the conditions under which attitudes and behavior in the mass public are likely to be affected by policy, and ultimately feed back into the political system.

We describe several core concepts that are useful for understanding which policy benefits in the Biden agenda provide the clearest political opportunities. While scholars have studied a wide range of policy effects, our analysis here focuses on ways that outside organizations can shape feedback effects in the mass public. Using the model from Figure 1 above, this means strategies through which organizations can use pathway g2 to shape public experiences with policies, thereby shaping public opinion and voters' behavior. In the next section, we apply the concepts above to

Our list of recommendations will emphasize *positive feedback* effects, which are generated by support for a policy and enhance its chance for durability or expansion. There are also policies that generate *negative* feedback effects, by undermining support within their own constituencies or creating opponents (even beyond those who opposed the initial legislation). It is also useful to consider both the resource and interpretive aspects of a given policy for assessing its likely effects. Resources refer to the material aspects of a policy, usually in terms of the policy's size in dollars, as well as the fiscal "winners" and "losers" created by the policy. Interpretive effects refer to how the policy comes to be understood in public conversations, in terms of its success at resolving a public problem, or whether the costs and benefits are distributed "fairly," however fairness is conceived.

**Reach.** Reach refers to how widely a policy's benefits are distributed in society. Narrow policies reach a small number of individuals or organizations, while broader ones impact a larger share of the public or the nation's geographic extent. For example, most Covid emergency measures—including subsidized tests and vaccines, and direct cash relief—delivered benefits to the vast majority of American households. Alternatively, policies that concentrate their benefits among a few individuals or in a small geographic area (for instance, most disaster relief programs) have a relatively . Programs with greater reach are more likely to generate national support.

**Targeting.** Policy benefits can be targeted to individuals, entire jurisdictions or communities, or a subset of communities. *Private goods* refer to benefits that target specific eligible individuals (e.g., tax credits, unemployment insurance). *Public goods* refer to benefits that are available to everyone in a jurisdiction (e.g., public hospitals, free broadband). *Club goods* refer to benefits enjoyed by a subset of the community (e.g., jobs for people in a specific sector, subsidies targeting certain income groups).

**Desert.** Most dimensions shaping policy feedback have to do with material interests. This dimension involves an interpretive assessment of how the public tends to view the beneficiaries of a policy: are they seen as vital, sympathetic, or deserving of the resources they are receiving? This dimension involves a complex process of public discussion, moral suasion, and application of social norms to policy specifics. Policies with more "deserving" beneficiaries are more likely to draw public support.

**Recipient Unit.** Policy benefits may ultimately land in the hands or bank accounts of individuals (as in Covid-19 relief checks); of communities (as in the construction of a bridge); or of some (as in the management and workers at a subsidized factory). The unit of benefit distribution shapes the character of potential feedback. Individualized benefits will tend to generate atomized, individualized experiences of the policy (paths e1, 2, 3), which will be concentrated along paths do not naturally lend themselves to collective political response;

recipients must be made aware that others share their views and can be mobilized together to support the policy.

**Spillover.** Policy benefits may have reach beyond their targeted beneficiaries, which may result in broader community impacts. For example, the American Rescue Plan included a child tax credit and unemployment insurance. While these are private benefits targeting low-income or unemployed individuals, communities with a large proportion of beneficiaries saw community-wide benefits beyond those who received these benefits—particularly small businesses were able to maintain economic activity because consumers had the ability to buy goods they otherwise could not afford to purchase during the emergency period. Similarly, government programs that increase the number of car charging stations (and as a result increase the attractiveness of purchasing electric cars) increase jobs in relevant industries which may increase community economic well-being beyond those directly affected by these subsidies. Indirect policy impacts are typically less visible to voters; however, these impacts may be discernible with some investment in building awareness.

**Bias.** Bias refers to the extent to which a policy targets its costs or benefits differentially across different groups. Policies with low bias are those in which both costs and benefits are roughly equal across different constituencies or social groups. Policies with high bias concentrate costs or benefits unequally, for example by redistributing resources from one group to another, or by providing benefits only to a small group. Bias can cut both ways when it comes to policy feedback: groups who receive substantial, targeted benefits may be strongly incentivized to mobilize on behalf of the policy (for example, health insurance companies who mobilize against a public option). On the other hand, biased policies can also generate *negative* feedback or backlash from groups who receive fewer benefits or bear more costs (for example, wealthy taxpayers who object to progressive taxation).

**Visibility.** *Visibility* refers to how easy it is for the public to observe the impact of a policy benefit and the political source of that benefit. Key sub-dimensions of visibility are *discernibility* ; and *attribution*. More *discernible* policy benefits are easy for voters to observe (e.g., cash transfers, free healthcare access, a new bridge) and do not require voters to understand nuanced policy impacts (e.g., subtle quality of service improvements in education caused by an increased education budget). Policies are more *attributable* if they can be easily linked to a political party, politician, or government administration (Powell 2000; Arnold 1990).

## Policy Outcomes

The figure above highlights three broad outcomes that can be impacted by policy: attitudes toward government, attitudes/support toward politicians, and political participation (i.e., turnout and civic engagement). We summarize key findings for these three outcomes below.

### Attitudes Toward Government

Researchers have found that design and implementation can shape recipients' trust in government as a means for addressing social problems. Research from Sweden finds that

beneficiaries of universal programs (national healthcare) have more trust in government than beneficiaries of narrowly targeted programs. Similarly, beneficiaries of universal programs such as social security feel more of a sense of efficacy than recipients of mean-tested programs (Campbell 2003; Soss 1999). Moreover, research shows that programs that are implemented in ways that voters view as arbitrary or cumbersome can have negative effects—especially when benefits are small (Lipsky 1980, p. 69; Goodsell 1981; Bruch et al. 2010). Another constraint concerns local context. Rahn and Rudolph (2005) find cities with higher levels of economic inequality and racial and ideological polarization to be associated with lower levels of government trust.

Insight: Building trust in government is more likely for specific broad-based policies that require little effort at navigating government bureaucracy.

Opportunity: Grassroots efforts to navigate government bureaucracy where it exists may increase trust in government.

## Attitudes Toward Politicians

Research shows that the incumbent party benefits from federal spending; however, credit claiming is biased toward the party voters' feel closest to (Malhotra & Kuo 2008). Relatedly, voters' judgments of economic conditions are more positive or negative depending on whether the party in power shares their party affiliation (Bartels 2002; Evans and Andersen 2006). Since claiming credit for distributive policies is often observed by voters through economic conditions on the ground, this means mobilization strategies or efforts targeting non-partisan swing voters are likely to be more effective than efforts at persuasion across party lines.

Insight: Democratic politicians can benefit from visible policy benefits (among supporters in particular).

Opportunity: Invest in efforts to inform voters about salient policy benefits (particularly among likely Democratic constituencies) to increase political support.

## Participation

**Turnout and Vote Choice.** Research shows that distributive policies boost voter turnout in affected congressional districts (Matsubayushi and Wu 2012; Campbell 2003). Large increases in federal spending have also been found to boost turnout among the party credited for the spending while demobilizing the opposing party (Kriner and Reeves 2012).

**Civic Engagement.** Research on policy feedback shows that distributive policies targeting individuals such as Social Security increase political participation and engagement among beneficiaries (Pierson 1994; Campbell 2003). A key factor that is associated with participation concerns whether the benefit is large enough to give recipients economic security and free time needed for increased participation. Programs that target the needy (who have educational and wealth characteristics that make participation less likely) are less likely to impact participation. On the other hand, recent work shows that long-term community mobilization efforts can be effective at increasing vote participation among low-

income minority group voters, unlike conventional GOTV methods (Grumbach et al. 2021; Nuamah and Ogorzalek 2019; Enos et al., 2014).

*Insight: Government spending and distributive policies have the potential to increase voter turnout and boost engagement among key constituencies; however, efforts should focus on low propensity supporters to the extent possible.*

## Application: What effects should we expect from IRA programs?

In this section, we use the set of environmental programs in the [Inflation Reduction Act](#) as examples to illustrate which kinds of programs are likely conducive to feedback effects, and what kinds of interventions might spur momentum to those ends.

### Background on IRA

The Inflation Reduction Act is a \$370 Billion investment in incentives and infrastructure related to energy and environmental issues. The targeting mechanisms for programs funded by the IRA vary from tax incentives for consumers and businesses to direct subsidies. There are also a variety of direct benefits (subsidized automobile purchase) and indirect benefits (jobs through a new factory built in a depressed area due to tax incentives). We summarize the broad types of benefits covered in IRA and political opportunities related to these programs in this section. See the appendix for a detailed list of programs.

**Tax Incentives for Private Sector Green Energy Investment.** Clean Energy Production and Investment Tax Credits and loans for clean energy projects target businesses. Benefits for the average voters linked to these benefits are primarily indirect in the form of jobs provided by private firms, reduced energy costs that result from access to lower cost energy sources that result from these programs, and improved economic well-being in communities that benefit from these programs. Since private businesses will be the direct beneficiaries of these benefits, an information campaign educating voters on the role of government in private sector-led changes will be valuable. Beyond informing voters for the purpose of credit-claiming, there are opportunities for bringing local leaders and community members into the process of shaping implementation—which can increase civil society engagement surrounding these investments.

**Programs for Reducing Air Pollution and Other Public Health Risks.** The IRA provides funding to local communities to deploy technology to reduce air pollution and carbon emissions. This is a public good because everyone in the community can benefit from it; however, it is low visibility because it is difficult for voters to know that government incrementally improved air or water quality. To improve the visibility of this program, it will be valuable to invest in community organizing to educate residents about how government is addressing this problem what tangible health benefits this is impacting.

**Increasing Access to Electric Vehicles.** The IRA includes tax credits for the purchase of electric commercial and consumer vehicles. These benefits are visible because the reduced

cost is apparent at point of purchase. To the extent that these subsidies require information on available benefits and how to access them, outside groups can play a valuable role promoting these policies and assisting consumers and small business owners and accessing these programs and understanding the source of these benefits.

**Investment in Under-Served Areas.** IRA has a unique focus on ensuring that tribal areas, rural areas, and low-income areas receive a disproportionate share of IRA benefits across the board. Since these communities have lower levels of development ex ante, this focus has the potential for heightened visibility of these programs in these areas. Most importantly, Community Change can facilitate engagement in these communities as they experience an influx of government resources for economic and energy revitalization, which can lead to increased civic engagement and voter turnout in areas where turnout is historically low.

## Strategies: What can outside actors do to enhance feedback effects?

In the current moment, after the passage of legislation but before many of the direct policy or indirect political effects have been experienced, supporters of these policies and the political forces that enacted them have opportunities to shape how these policies feed back into the political system. Most potential interventions in this area are along the “g2” pathway in Figure 1, in which organized groups can help shape individual and collective experiences of the policies as they are implemented. These potential interventions include:

- Messaging campaigns to highlight the existence of the policy
- Messaging campaigns to highlight the expected benefits of the policies
- Messaging campaigns to clarify who is responsible for the benefits the policy will bring
- Partnership with policy implementers to enhance the direct effects of the policies
- Partnership with policy beneficiaries to make their experiences of the policy more positive.
- Partnership with policy beneficiaries to facilitate access to policy benefits.
- Grassroots efforts to increase civic engagement surrounding policy implementation.

The research cited above suggests that some policies, because of their design, will be more likely than others to generate positive policy feedback. Investment in efforts to amplify these feedback effects can range on a continuum from:

- “Nudge” strategies: Devote resources to raising awareness about policies that are “naturally” likely to generate feedback. This entails a lighter lift, and focuses on strengthening political effects that were somewhat likely to occur eventually.
- “Organizing” strategies: This is work that may not create much feedback, especially in the short term, but which is very unlikely to happen “naturally” without outside groups.