HISTORICAL INSTITUTIONALIST POLICY TRACING AS A METHOD OF TEACHING POLITICAL ECONOMY

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My first question in considering in writing this article was: can I claim to be teaching political economy? My background would seem to land me in the frame since my first book *How to Argue with an Economist* (2003) was a critique of the ideological foundations of neoclassical economics; and my most recent book was *Corporate Power in Australia: Do the 1 % Rule?* (2020). Yet, I don't teach traditional political economy subjects, such as Marxist, Post Keynesian and Institutional Economics, the Varieties of Capitalism, Feminist or Environmental Economics or even Modern Monetary Theory. However, in the co-edited collection *Neoliberalism: Beyond the Free Market* (Cahill, Edwards and Stilwell. 2012) we argued that what unifies the different heterodox approaches to political economy is the view that markets are social constructs that reflect and reproduce power relations. If this definition of political economy is accepted, then I am on stronger ground in claiming a place in this special issue of *JAPE*.

My teaching approach at the Canberra campus of the University of NSW uses the method I developed in my research on corporate power and adapts it as a means of teaching students how to unpack the realities of Australian political economy for themselves. It is based on Historical Institutionalist policy tracing.

Historical institutionalism rejects the methodological individualism of orthodox economics (Hacker and Pierson 2014). Instead, it assumes humans are inherently social, and that we always exist in communities, groups and factions. These groupings establish rules or institutions to

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govern themselves. It assumes that there are power struggles to shape the rules and that those rules distribute power and resources. The rules are in a constant state of re-negotiation, where the outcomes of the last negotiation set the preconditions for the next one. It is an approach that rejects universal theory in favour of studies that focus on the particularities of place, the context, and the unique histories. Pierson (2016) also argues that this approach is particularly well placed for illuminating power and a necessary corrective to quantitative and methodological individualist approaches that are increasingly dominant but striking in their inability to find evidence of power relations. As a result, historical institutionalist approaches to studying economic phenomena have a strong claim to a place in the study of political economy, when understood as taking social constructivist approaches to markets.

Policy tracing is a method of studying government decision making that follows an issue through the decision-making process. It involves examining the existing policy framework and the ways it distributes resources and power; and then analysing stakeholders' attempts to influence policy change to their advantage. It involves observing the final policy outcome and asking the question of *who won, how and why*? As a result, when used to study economic decision making and market regulation it has a clear place at the nexus of politics and economics; and fits well into the historical institutionalist study of how social power relations shape the formation and regulation of markets.

A final innovative feature of my approach is the way that the course is taught. Students are guided through how to construct the policy case studies themselves and then to teach them to their peers as the core teaching materials for the group. This approach seeks to achieve a number of goals. It aims to boost student engagement and motivation by allowing them to focus on a case study they care about and to use their intrinsic motivation to drive them through the learning material, harnessing the acknowledged teaching benefits of controversial case studies (Bickmore 1993; Christoph and Nystrand 2002; Dillon 1994; Hess 2009). It also aims to give students an applied experiential learning experience by using genuine primary source materials and problem based active learning to deepen and enrich their experience (Hatcher *et al.* 2018; Herreid 2011; Powell 2022; Schröter and Röber 2022b).

Perhaps most importantly, the course seeks to capture key benefits from peer to peer learning (Assinder 1991; Boud *et al.* 2014; Topping 2005). In an increasingly politically polarized environment, this approach has sought to build trust with sceptical students and to insulate academic staff from accusations of bias (Braidwood and Ausderan 2022). In guiding students to go through the evidence themselves, it builds trust in the veracity of what is being learnt. Having the students deliver their case studies to one another creates space for a multiplicity of voices in delivering the course content and builds on students' trust of their peers to again build trust in the veracity of the content.

Course design

The largest challenge has been how to teach inexperienced students who lack knowledge of the field how to produce quality case studies. Even experienced researchers can find that writing policy history case studies can be overwhelming in its complexity. So, very careful scaffolding is required to guide students through how to create these case studies.

The next three sub-sections of this article outline the guidance given to students to enable them to create what ended up being excellent and highly effective case studies that have delivered a rich political economy education.

Being introduced to institutions

The first module of the course has been a basic introduction to political institutions. I created 12 short videos and associated quizzes for what was essentially revision of an introduction to Australian politics course. This is presented to students as 'getting everyone on the same page' because some students would have seen the material in the first year in their undergraduate degree, while others who had not previously studied politics would be seeing the material for the first time. Students are then advised to go back and look again at particular videos as they became relevant to their case studies. This usually works well, with students providing strong feedback about valuing the videos.

Being directed to specific primary resources

To enable the students to navigate the complexity of the specific policy issues they are setting out to study, they are directed to specific primary sources as the core documents for their research. They are directed to the Bills Homepage on the Australian Parliament House website, with the Bills Digest and Parliamentary Committee reports as their key starting documents.

The Bills Digest is a brief written on a piece of legislation by the Parliamentary Library for politicians to help them understand the legislation coming before the House. It identifies the stakeholders, the contested issues and the positions of the major parties, as well as providing links to other reports and documents. The Parliamentary Committee reports are a write-up of Committee Inquiries on the proposed legislation, where all stakeholders present submissions and are interviewed on the key issues at stake in the Bill.

The students are also directed to a university library media database with detailed instructions on how to search three years of media coverage of the issue. These instructions include screen capture videos that show them, step by step, how to use the databases and identify these resources. The students are told that these are the core documents for their research.

Once they have secured their core documents and a basic overview of their case, the students are then directed to various other resources. These include the stakeholder submissions to enquiries, the lobbyists register, the political donations register, and the Australian Electoral Commission's database of seats that can be used for marginal seat analysis, and the Parliamentary speeches and votes. Again, the students are provided with screen capture videos that show them how to find each of these resources.

The students are also provided with worksheets that step them through how to analyse each of these resources. The worksheets direct the students where to find key information and its significance; and give them direct instructions on how to analyse the information they find. They also identify things to look out for, and subtleties of meaning and interpretation that the students would otherwise lack the sophistication to identify.

Making case study presentations and story telling

It has been observed that case study writing is an art and that even accomplished social science scholars may lack the skill to structure a compelling and interesting case study (Penn *et al.* 2016; Powell 2022). This is largely because 'the successful case study is not structured like the traditional academic paper; rather, it uses the principles of storytelling' (Hatcher *et al.* 2018: 279). So, it is not surprising that students need guidance on how to present the case studies as compelling pieces of communication (Naumes and Naumes 2012).

To address this need, model case studies are developed alongside a template Powerpoint presentation that sets out the structure for their presentations. This structure usually includes the five steps recommended by Hatcher *et al.* (2018), as follows:

(1) Introduce the protagonists and setting	**Introduce the policy problem** **Introduce the stakeholders and their Perspectives on the problem**
(2) Describe the 'rising action'	Assess levers of power i) Ideological alignment ii) Donations iii) Lobbying iv) Media Campaigns v) Marginal Seats
(3) Show the conflict and climax	Timeline of events
(4) Describe the 'falling action'	Policy outcomes
(5) Explain the resolution	Evaluation of who won and why

These steps align the case study with a story-telling structure, starting by identifying an issue that presents as a policy problem and then introducing the relevant protagonists and their respective perspectives of that problem.

The case then progresses like a 'who dunnit', identifying what types of power might be in play and what sorts of factors might have influenced the outcome. The students evaluate the different types of leverage that the different stakeholders bring to the contest. These points of leverage include public opinion, donations and lobbying, marginal seats and ideological alignment with the political parties. The story comes to a climax as they document a timeline of how events unfolded. The story arch is completed and resolved as they conclude by examining the politicians' speeches and the justifications they give for the positions they adopt. The case study ends with an assessment of the outcomes and an analysis of who won the struggle for power and why.

These case studies tend to prove the old adage that 'reality has a left-wing bias' because they usually illuminate the power of business interests in shaping policy outcomes. If the student cohort produces a good variety of case studies, the ways in which business influence is expressed and accommodated through the political system becomes evident. So do the times in which business interests are thwarted, enabling a *de facto* lesson for the students in what types of countervailing power are likely to be more successful in curtailing corporate interests.

An illustrative case study

One example of a case study conducted by the students in my course is the Albanese government's flagship legislation for implementing action on climate change – the *Safeguard Mechanism Amendment Bill 2023*.

In the wake of the 2022 'climate election', the new Labor government promised to reform the 2016 Safeguard Mechanism that was widely acknowledged to be failing to reduce emissions and to replace it with a legislated decarbonisation pathway that imposed hard caps and mandatory emissions reductions to meet the 2030 and 2050 emissions reductions goals. The students documented the policy debate on this Bill to understand what was really happening beneath the rhetoric of Australia's heated climate change policy debate.

The students began by identifying the policy problem. The original Safeguard Mechanism, operational since 2016, covered approximately 215 'designated large facilities' that produced more than 100,000 tons of CO2 per year. Combined, these facilities were responsible for 28 percent of national emissions.

The scheme put a cap on the facilities' emissions in line with a historic baseline; and the businesses faced penalties if their emissions exceeded that baseline. They had to purchase and surrender Australian Carbon Credit Units (ACCUs) to offset the excess. However, the architecture of the scheme was designed with loopholes that prioritized minimising economic harm over emissions abatement.

The four primary drivers of legacy mechanism failure were identified as follows:

- *Lenient Baseline Determination:* Baselines were established with significant 'headroom', allowing facilities to maintain business-as-usual operations without ever triggering a compliance requirement.
- *Production-Proportional Baselines:* If a facility increased its output, its emissions baseline moved upward proportionally, thereby effectively neutralising any downward pressure on the sector's total carbon footprint.
- *Integrity Issues with Australian Carbon Credit Units (ACCU):* Issues around the creation and trading of ACCU brought into question whether they represented a genuine offset and reduction in emissions.
- *Weak Enforcement and Negligible Penalties:* Because baselines were so generous, facilities rarely reached the threshold for penalties, thereby rendering the enforcement regime redundant.

Under the new policy, the scheme sort to impose a hard cap on emissions that would force industrial output into alignment with the Net Zero 2050 goals. There was to be a 4.9 percent annual reduction in the cap, forcing businesses into abatement. The ACCUs were to be reformed and in part replaced by Safeguard Mechanism Credits that could only be traded among the 215 entities covered by the Safeguard Mechanism scheme.

The students tracked how the public debate followed the parties' rhetoric about the reforms and that it aligned with their ideological positions. The Labor Party had claimed the transformational nature of the scheme, while the Coalition claimed it would do immense economic damage. The Greens and Independents criticised it for not going far enough to limit emissions.

Some carbon intensive industries argued that its economic cost would be too great, while others interested in moving towards renewables welcomed it for providing some policy certainty. The Australian Workers Union sided with the carbon-intensive industries in fearing the impact on jobs and communities.

The students examined the information available on lobbying and donations. They were struck by how little information they could find and how difficult it was piece together what had occurred. However, as they went through the policy detail and examined the amendments made, it became clear to them that a great deal of influence had been exercised. They found that starting caps were still extremely generous. The most carbon intensive trade exposed industries had their target reduced from 4.9 percent to 1 percent, and there were lenient conditions on who could apply.

Other findings were that some subsidy programs risked being larger than the businesses' costs of compliance. Questionable elements of ACCUs were also identified, including concessions about how the emissions would be measured that made the caps less onerous. Most significantly of all, the government's legislation did not ban new fossil fuel projects; and the baseline to be set for new projects was the industry average, not best practice.

In summary, the students' analysis of the policy reality was that it differed considerably from the rhetorical debate. Despite Labor claiming a historic reform and decisive action on climate change, the students found that the reforms only shifted the dials from 'entirely useless to mostly useless'. They concluded that, despite the 'climate change election' and Labor's progressive rhetoric, the double representation of union and business interests and the centrality of carbon intensive industries to our economy, meant that Australia was not actually taking significant action on climate change.

Conclusion

Teaching through student-led case studies has been the most fun and interesting teaching I have ever done, but it is not for the faint hearted. The initial aspirations were that it would be a means of keeping course content grounded, current, free of accusations of bias, and within a manageable academic workload. In practice, these aims were only partly realized.

Although the content was grounded, current and balanced, I soon realised that the students needed a lot of guidance to be able to conduct the cases successfully. The set-up costs in creating the materials that guided students through how to produce the case study were substantial. However, once produced, I have been able to be reuse and refine those course materials each year, enabling the initial vision to be achieved.

It is a teaching method that requires its teachers to be comfortable with the uncertainty of what students will bring to the table and to have confidence in their ability to guide a conversation about case studies on which they may not be across all the detail. There are considerable compensations for this uncertainty, however. The opportunity to sit with students and to explore the questions they could be asking and what the possible explanations might be for how events unfold is a rich learning experience. It provides an insight into what students are understanding from the content of the course. The students' interpretations often give pause for reflection, providing an opportunity for real-time corrections of misunderstandings that would often not be uncovered in more traditional teaching and assessment models.

Most importantly though, using case studies for historical institutionalist analysis is a way of teaching political economy that equips students to be critical citizens. Students come away with a detailed understanding of the political economy of the issues shaping their lives. It empowers them with the skills to be able to 'lift the hood' on how their government makes decisions, so that they can become active citizens who may be able to tip the scales, even if only a little, towards the creation of a more just society.

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