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SPECIAL ISSUE

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Modes of regulatory governance: A political economy perspective

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Abstract

This article introduces the special issue by presenting a framework for the study of regulatory politics using the analytical tools and approaches of comparative political economy. Having traced the evolution of studies on regulation, it argues that scholars should pay more attention to the systemic features affecting regulation and to the relationship between regulatory policies and their outcomes. The article presents the foundations of an analytical framework based on the "regulatory policy process," a comprehensive approach that links inputs, outputs, and outcomes. The review of the contributions to this special issue shows that regulatory regimes can be better understood by placing them within the broader political economy of a state or region. A renewed focus on regulatory outcomes can help foresee what one should expect from the impact of a certain regulatory regime on a political-economic system.

1 | INTRODUCTION

Regulation is an object of research across the social sciences and in particular political science, public policy and administration, business, economics, and sociology. We define regulation as the *ex-ante* bureaucratic legalization of prescriptive rules and the monitoring and enforcement of these rules by social, business, and political actors on other social, business, and political actors. These rules are considered as regulation as long as they are *not* formulated directly by the legislature (primary law) or the courts (verdict, judgment, ruling, and adjudication). In other words, regulation is about bureaucratic and administrative rulemaking and not about legislative or judicial rulemaking (Levi-Faur, 2011, p. 6; cf. Koop & Lodge, 2017). It involves rule-setting, rule-monitoring, and rule-enforcement, and it is exercised by both public and private actors. With the move from government to governance, regulation becomes more and more fragmented and polycentered (Black, 2008). This means that the role of regulatory intermediaries as third-party actors becomes more and more critical for the efficiency and the legitimacy of the regime (Abbott, Levi-Faur, & Snidal, 2017).

While regulation is a relatively circumscribed form of state intervention,[1] it raises two questions that are only implicitly considered in the literature: (a) how a specific type of regulation relates to the underlying polity and economy; and (b) what the impact of such intervention on regulatees and on society at large is. To our knowledge, regulatory studies often do not pay due attention to either question, thereby partly neglecting both the origins and the consequences of regulation. This special issue tries to start filling in the gap by, first, setting up an analytical framework consisting of the "regulatory policy process"; and, second, by presenting a variety of methodologically and substantively diverse research contributions that put empirical meat on the theoretical bones.

Such endeavor is reminiscent of Sartori's (1991, p. 244) warning against slighting the difference between implicit and explicit comparisons to the point of "automatically making the 'unconscious comparativist' a comparativist." We note that some degree of unawareness befalls the study of regulatory governance, possibly because of the descriptive focus of a sizeable share of the literature. While there are sound reasons to adopt such an approach when it comes to studying new phenomena (as is usually the case in regulation), we call for scholars to put more emphasis on both comparative methodology (see Levi-Faur, 2006) and a political economy framework. By acknowledging a "political economy of regulation," we posit that all scholars dealing with regulatory issues study, consciously or unconsciously (to paraphrase Sartori), parts of the "regulatory policy process," which is the core of the analytical framework that informs this special issue.

At the most abstract level, the "regulatory policy process" comprises a series of relationships between three necessary steps: *inputs* (the structures and agency influencing regulatory decision making), *outputs* (the policies and regimes adopted), and *outcomes* (the consequences of regulation).

By devising it, we build upon well-established theories (especially neo-institutionalism) and analytical frameworks that are applicable to the study of the policy process (Araral, Fritzen, Howlett, Ramesh, & Wu, 2012; Weible & Sabatier, 2018). Hence, we are not proposing yet another version of said frameworks. Rather, we aim at establishing links between two literatures (regulatory studies and comparative political economy) that rarely talk to each other. By doing so, we do not want to prescribe either theories or methods to this special issue's contributors or to the scholarship at large.

At the same time, we argue that it is important for scholars of regulation to specify which part(s) of the proposed framework they focus on: only by observing the whole regulatory process, we can understand the causal mechanisms that incur between the variables and, consequently, formulate generalizations. Indeed, unwittingly taking the observed phenomenon out of the general context serves the purpose of building only partial theories, which are likely to founder against the broader scrutiny of the causes that generated the said phenomenon and/or its effects. Analogously to a widely acknowledged axiom in microeconomics: studying a general equilibrium model, apart from being more complicated, may also lead to different conclusions than partial equilibrium analysis.

The aim of this special issue is, hence, to show, through a plurality of methods, approaches and focuses, that the study of regulation—despite its scattered, multifarious character—can profoundly benefit from an organic approach grounded in comparative political economy. Additionally, we notice that the literature has neglected important parts of the regulatory policy process. The effort required from the authors is therefore that of widening the lenses of analysis to see the broader picture, in order to insert the investigated phenomena into the mechanisms of the regulatory policy process and exploring a number of undocumented connections between the framework's variables.

We observe in particular that, although globalization is pushing states to converge toward certain regulatory models based on privatization, liberalization, competition enforcement, and the establishment of regulatory agencies (Jordana, Levi-Faur, Fernández-i-Marín, 2011), there is still considerable variation of regulatory institutions and practices at the national and regional level (Coen & Héritier, 2005; Lodge, 2002). Within regulatory studies, the connections between the structures and agency influencing regulatory decision making (the inputs), the policies adopted (the outputs), and their effects on the ground (the outcomes) have not been exhaustively researched.

Attention, we believe, must be devoted to exploring not just the characteristics of national political systems, but also the policy takers, the intermediaries, and the policy beneficiaries—all actors' configurations in distinct modes of capitalism and in specific economic sectors which contribute to how regulated firms influence, shape, and react to regulation (Abbott, Levi-Faur, & Snidal, 2017). At the same time, we must not neglect the legal traditions and administrative paradigms in which the regulators are embedded—that is, those ground rules that assign substantive and procedural powers to different actors, thereby generating different regulatory styles, different distributions of power, and different results. By focusing on the above, this special issue establishes firmer links with the comparative political economy literature. Such an approach represents a break with the bulk of the scholarship exploring the origins of different regulatory styles and designs, which is primarily concerned with national political factors.

2 | REGULATORY STUDIES: IN SEARCH OF A COMMON FRAMEWORK?

The literature on regulation is at best dispersed and scattered in many directions, with many disciplines and subdisciplines contributing to its advancement (Levi-Faur, 2011). Even though the regulatory policy process is not acknowledged explicitly, political scientists interested in regulation obviously focus on *inputs* influencing regulatory decision making, on the policy *outputs* and on the *outcomes* of regulation. Outputs are at the core of every study—adopting either a regulatory governance or political economy approach—but even within this focus, we can distinguish among scholarly contributions focused on the *prescriptive outputs* of regulation (i.e., on the content of rules), and those focused on the *organizational outputs* (i.e., on which bodies are put in charge of monitoring and enforcing rules), or on both. In general, we can observe in the literature the following trends: on the one hand, the interest in *inputs* and *outcomes* has declined over time; on the other, the interest in *organizational outputs* has grown compared to that in *prescriptive outputs*.

The first wave of positive studies of regulation came from economists studying the way organized groups managed to influence regulation in their interest (Peltzman, 1976; Stigler, 1971) or the behavior of utility-maximizing bureaucrats (Niskanen, 1971). Political scientists continued on this trend but shifted their attention to how legislators can control agencies and bureaucrats to make them serve their constituencies' interests (Calvert, McCubbins, & Weingast, 1989;

Fiorina, 1982; Weingast & Moran, 1983). A second wave of studies on regulation developed again from the work of economists on policy objectives, expectations, and credibility, applied in particular to the analysis of central banks (Barro & Gordon, 1983; Kydland & Prescott, 1977; Rogoff, 1985). The central thesis of these studies is that policymakers, because of their constant need to seek voters' support, tend to be inconsistent in their objectives, while economic actors prefer to deal with a stable regulatory environment. Thus, politicians aiming at enhancing their credibility may *delegate* policy enforcement to agencies on which they give up political control. In this way, the whole society benefits from the credibility gain. This perspective has been made popular among political scientist by Majone, who introduced the concept of "credible commitment" and observed that this tendency was generalizable to all advanced democracies, which had witnessed a shift from a "positive" to a "regulatory" state (Majone, 1994, 1996, 2001).

The work of Majone has been a source of inspiration for a new generation of political scientists that have focused on putting his theoretical intuitions to the test. Starting from the late 1990s, scholars have analyzed the phenomenon of "agencification" (Jordana et al., 2011) and addressed in particular the issue of regulatory agency independence, seen as the distinctive feature of this mode of governance (Elgie & McMenamin, 2005; Gilardi, 2002, 2005; Jordana, Fernández-i-Marín, & Bianculli, 2018; Maggetti, 2007; Mathieu & Rangoni, 2019; Pavón Mediano, 2018). These contributions have shed light on the determinants of independence, confirming the link between the need for credibility and agency independence, as well as the importance of other factors such as the presence of veto players and political uncertainty.

However, some aspects of the regulatory policy process have received less attention over the years. On the one hand, there has been a decreasing interest in investigating the inputs of the regulatory process broadly speaking, looking at more than just political institutions (exceptions are Guardiancich & Guidi, 2016; Nolan García & Aspinwall, 2019; Steinebach, Knill, & Jordana, 2019; Thatcher, 2007). The interests of business groups, trade unions, consumers, and NGOs have not been featuring as prominently as at the beginning of the studies on regulation. On the other hand, the analysis of regulatory outputs has not been consistently linked to that of regulatory outcomes. This is problematic especially with regard to independent regulatory agencies. Regulatory agencies, in fact, are created with the aim of being not (or, at least, less) accountable to politicians—and, ultimately, to voters. It is evident that agencification is democratically justifiable only on condition that independence improves performance. The "accountability loss" should be compensated by an improvement in policy implementation. If this does not occur, the legitimacy of independent agencies is at stake. Independent regulatory agencies are legitimate only if they deliver. Yet, the link between regulatory output and outcome is one of the main gaps in the study of regulatory governance. The few studies that have addressed the issue have not reached conclusive evidence (Vining, Laurin, & Weimer, 2015; Wynen et al., 2014).

So, we see two directions in which regulatory studies would need to go. First, scholars of regulation should revert "back to their roots" and make the question of what influences regulatory choices more central in their studies. In particular, we need to pay more attention to the systemic features affecting regulation, that is the institutional (legal, administrative, political) and economic environment. Connecting more closely regulation to comparative political economy (for instance to key contributions such as the study of models of capitalism, see Hall & Soskice, 2001; Hancké, Rhodes, & Thatcher, 2007) is key to this endeavor. Second, scholars should investigate more thoroughly the relationship between outputs and outcomes. This is important in order to both (a) assess whether agencification has kept its promise of granting better regulation through independent enforcement; (b) study which effects (negligible or

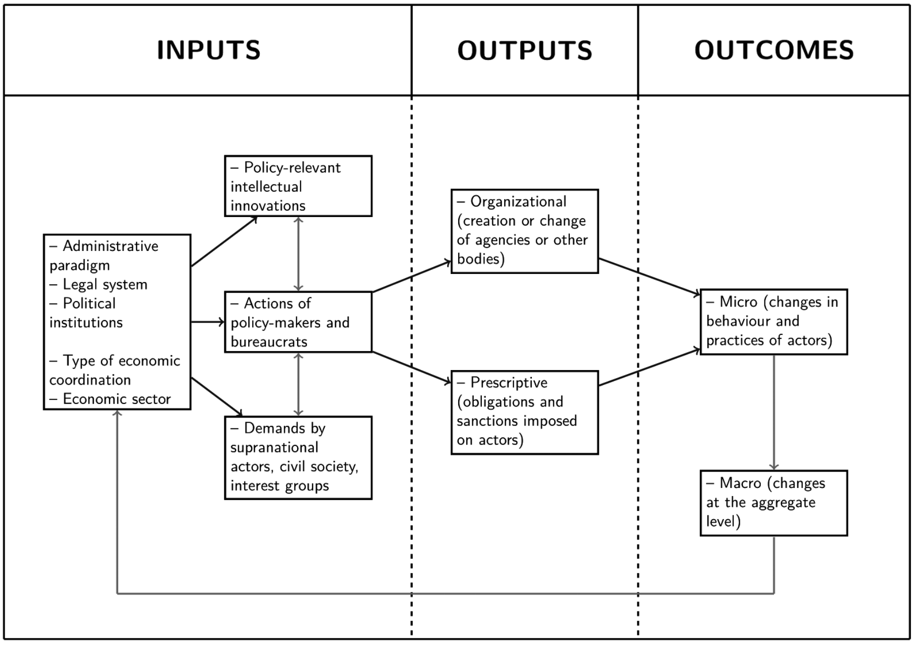

FIGURE 1 Inputs, outputs, and outcomes of the regulatory policy process

substantial, temporary or permanent) regulation has on the institutional and economic environment. In the next section, we propose a framework for conducting this type of analysis.

3 | ANALYTICAL FRAMEWORK

Taking inspiration from Weir and Skocpol's (1985) contribution to the seminal volume *Bringing the State Back In*, which was the neo-institutionalist response to the indeterminacies of behavioralism, we present a model of the regulatory policy process, shown in Figure 1, consisting of policy inputs, outputs, and outcomes.

How have the inputs, outputs, and outcomes within the regulatory policy process been addressed by the existing literature (bearing in mind that the list is not exclusive and depends on the research question under scrutiny)?

The inputs to the regulatory outputs are given, first, by the antecedent conditions, that is by the institutional and economic environment on the ground. The institutional factors that are relevant toward the construction of a political economy of regulation are, essentially:

- the administrative paradigm (Sager, Rosser, Mavrot, & Hurni, 2018), distinguishing between for example, public interest, *Rechtsstaat*, social-democratic and Napoleonic politico-administrative regimes (Bleiklie & Michelsen, 2013);
- the legal system, mainly the distinction between common and civil law (cf. La Porta, Lopez-de-Silanes, Shleifer, & Vishny, 1998);
- the type of political institutions, for example, presidentialism versus parliamentarism, the number of veto players, the characteristics of the party system and of government alternation, and so forth (Franzese, 2002; Tsebelis, 2002).

The main features of the economic environment that are relevant for regulation are:

- the general characteristics regarding the coordination of market actors; for example, the distinction between liberal, coordinated, mixed and dependent market economies, or other classifications (Bohle & Greskovits, 2012; Hall & Soskice, 2001; Hancké et al., 2007; Nölke & Vliegenthart, 2009), differences in industrial relations systems (Baccaro & Howell, 2017), and in financial markets (La Porta, Lopez-De-Silanes, & Shleifer, 1999; Newman & Posner, 2016);
- the characteristics of specific sectors that are subject to regulation, be they financial markets or utilities, such as telecommunications and energy, where regulatory policymaking will depend on the type of problems faced by enterprises and consumers when confronted with market failures (oligopoly, information asymmetry, externalities, etc.), or policy domains of social regulation (food safety, environment, etc.), where economic aspects are certainly important, but where a distinct approach to the management of risk is required (Gilardi, 2008; Thatcher, 2007).

These characteristics then interact with the supply of policy-relevant intellectual innovations and the demands by social actors, which all affect the actions of politicians and officials in designing the regulatory response to specific challenges. Policy-relevant intellectual innovations range from the notion that regulatory agencies have to be independent non-majoritarian institutions (most prominently is the example of modern central banks; see Rogoff, 1985), to the welfare-improving effects of breaking up monopolies in utilities, such as electricity or telecoms and so on (Demsetz, 1968). As regards the demands of social actors, these may include the requests by organized civil society groups (environmentalists, consumers) for certain types of regulation in specific fields (Binderkrantz, Christiansen, & Pedersen, 2015) as well as the pressure, for example, by supranational bodies such as the European Commission, to establish a national competition authority or similar body (Guidi, 2016). These conflicting preferences of, among others, interest groups, corporatist actors, political parties are then filtered through the decisions of policymakers and bureaucrats. The attempts at regulation may be themselves driven by different motives. One often-cited reason for delegation to independent regulatory agencies is to increase the credibility of policy commitments to attract investment. Policymakers bind themselves to increase the time consistency of policies against changes in their own and potential future governments' preferences (Gilardi, 2008).

The interactions between policymakers, on the one hand, and all other policy inputs supplies (institutional, economic, intellectual, on the supply-side) and demands by interest groups, supranational actors, etc., lead to the formulation of policies. Here as well, we can differentiate between:

- *organizational outputs*, that is the establishment, reform, or dissolution of bodies (bureaucratic offices, agencies, etc.) that are in charge of creating rules, monitoring their enforcement and sanction violations;
- *prescriptive outputs*, that is laws or similar instruments that impose (or eliminate) obligations and sanctions on individual actors, be they individuals or collective actors like firms.

Finally, regulation in a certain sector of the economy produces policy outcomes, which may or may not be in line with the forecasts produced by the policymakers or agencies in charge. Outcomes can be then observed:[2]

- at the individual level of the firm, consumer, and so on, for example, in the frequency of a certain behavior/practice that regulation aims at incentivizing or discouraging;
- at the aggregate level of the market, sector, etc., where, for example, the composition of its participants changes.

The various elements of the regulatory policy process may turn out to be circular. In fact, the policy outcomes potentially change the existing regulatory status quo, thereby reaching a new institutional and economic equilibrium,[3] which serves as updated input for the next round of regulation.

As we do not want to be prescriptive, our framework is designed to be compatible with a variety of popular tools for analyzing policymaking as a process, such as the policy cycle, the advocacy coalition framework, multiple streams, and so on (Araral, Fritzen, Howlett, Ramesh, & Wu, 2012; Knill & Tosun, 2008; Weible & Sabatier, 2018). For example, within the policy cycle, the stages of agenda setting, policy formulation, and policy adoption would be comprised in what we define as inputs; implementation would be part of the outputs; outcomes would form the basis for evaluation, which allows the process to start again. The advocacy coalition framework, instead, is particularly focused on policy inputs, which affect a policy subsystem, where coalitions with conflicting interests strive to affect the decision-making process and the ensuing regulatory output.

Independently from the methods and theories chosen, we find that it is worth exploring in detail three domains pertaining to the inputs within our analytical framework. First, the *Varieties of Capitalism* (VoC) approach has had the great merit of showing that countries can produce different (formal and informal) institutional arrangements in the spheres of corporate governance and the labor market (Hall, 2018; Hall & Gingerich, 2009; Hall & Soskice, 2001; Streeck, 2009)—in a nutshell, the constellations and interactions of and between regulatees. A key prediction of the VoC approach is that countries will develop "institutional complementarities," that is institutions that adapt to the national setup and allow for increasing returns from already existing institutions. One piece that is missing from such analysis is exploring to what extent this applies to regulatory output and outcomes as well (Guardiancich & Guidi, 2016; Thatcher, 2007). Do liberal market economies and coordinated market economies develop substantially different regulatory institutions? Do their regulatory practices diverge significantly?

Second, we find that much can be explained by looking at the features of the *sector* in which regulation takes place (which had been the subject of previous studies; see for instance Bartle, 2006; Perkins, 2014). Although national characteristics of the economic system matter, many sectors subject to regulation have peculiar features, often related to the regulatees: this often makes same sectors in different countries more similar than different sectors in the same country. For instance, the market of utilities such as telecommunications or gas and electricity firms displays similar characteristics across countries: few actors that are highly concentrated and that often include a former state-owned company among them.

Finally, the *legal traditions* (e.g., common vs. civil law) and *administrative paradigms* have a distinct effect on regulation, as they primarily affect the worldview of policymakers. For example, a lawmaker's understanding of what the individual and collective substantive and procedural rights in any given legal system are goes a long way in explaining certain aspects of regulatory output (see Pistor, 2006; Tarrant, Coen, & Cadman, 2014). An excellent example is the transposition of EU Directives into national legislation, which can be less or more prescriptive depending on the domestic attitude toward certain types of regulation.

With regards to the output, most of the literature has been either concerned with the mode of regulation without explicitly linking it to any inputs or, when it did establish a link, this concerned the institutional design of regulatory agencies (see previous section). What has been only seldom attempted is to establish a link between the three input variables and both types of output, that is: with the *organizational structure of the regulators* and the *rules that regulatees must follow*. The former is chiefly linked with the nature of the regulatees' interaction (with other market actors and with the state), the latter with the legal traditions and administrative paradigms of an individual country and the sector concerned (and, in the limit, it does not even foresee the establishment of a regulatory agency).

Concerning the outcome, previous works should be expanded by showing both how different types of capitalism produce different institutions and also their impact on the macro- and micro-economy (see Hall & Gingerich, 2009; Rothstein et al., 2017). The analysis of outcomes in relationship with these two dimensions then provides answers to key questions on regulatory effectiveness. How do the different inputs and outputs interact in influencing the behavior of regulated actors? Do we observe different styles of "*de facto* regulation" that vary substantially across countries, for example, in the requirements imposed on firms, in the competitiveness of markets, in the degree of liberalization promoted? Or, on the contrary, do we see *equifinality*, meaning that different outputs do not diverge regarding the outcomes they produce?

Finally, it has to be stressed that any study of regulation may presuppose a stepwise research agenda. The first step is the identification of the existence of a regulatory regime and its classification, which pertains to a more classical regulatory governance approach. The second step is, often, the establishment of correlations between, for example, inputs and outputs, that is, the correspondence of certain modes of regulation with existing political economy configurations of a determinate polity, or outputs and outcomes, that is, the identification of the effects of regulation on the actors and institutions they are supposed to regulate. The third and, possibly, final step, is the purposeful study of the regulatory policy process, where causal mechanisms are established from inputs to outcomes, thereby adopting methodological and theoretical approaches tilting toward comparative political economy.

4 | CONTRIBUTIONS TO THIS SPECIAL ISSUE

In order to explore different aspects of the regulatory policy process in different research stages, the six articles included in this special issue present a wide variety of methodological approaches and subjects studied (see Table 1 for a summary). This variety gives us enough material to make a first assessment of the strengths and weaknesses of the analytical framework that we have proposed. Below, we summarize the content of the contributions to the special issue in terms of methodology, comparison of countries and sectors, and coverage of the regulatory policy process.

Methodologically speaking, two articles use a quantitative (Kudrna, 2019; Wassum & De Francesco, 2019) and four espouse a mostly qualitative approach (Mizrachy-Borchovitz & Levi-Faur, 2019; Bulfone, 2019; Duarte Coroado, 2019; Rothstein, Paul, & Demeritt, 2019). All contributions employ the comparative method. More specifically, Bulfone (2019) and Wassum and De Francesco (2019) compare across different countries and sectors; Mizrachy-Borchovitz and Levi-Faur (2019), Kudrna (2019) and Rothstein, Paul and Demeritt. (2019) analyze the same regulatory sector in different countries; Duarte Coroado (2019) performs a diachronic analysis of several sector regulators in the same country. In terms of geographical variation, European

TABLE 1 Summary of the countries, sectors, parts of the regulatory policy process, and main findings of the articles included in the special issue

Article	Countries	Sectors	Part of the regulatory policy process analyzed	Main implications
Mizrachy-Borchovitz and Levi-Faur (2019)	France, Israel, Sweden, United States	Consumer credit data	Prescriptive output (the Consumer Credit Data Regime [CCDR])	Correspondence between institutional input and prescriptive output, that is, the VoC regime and the CCDR
Bulfone (2019)	Italy, Spain	Telecommunications, electricity	Inputs, outputs, and outcomes	Importance of feedback loops
Duarte Coroado (2019)	Portugal	11 sectors (energy, telecom/postal services, competition, securities, banking, insurance, health, transport, aviation, water/sewage)	Organizational output (the establishment and reforms of regulatory agencies)	Importance of supranational pressures and pressures coming from the markets in influencing changes
Kudrna (2019)	EU-28	Banking regulation	Prescriptive output	Uniform supranational pressures mediated by national characteristics (variety of capitalism)
Rothstein, Paul, and Demeritt (2019)	Germany, France, Netherlands, United Kingdom	Welfare state (occupational health and safety)	Institutional inputs (welfare state arrangements and broader state traditions on regulation); prescriptive and organizational outputs (organization of regulatory systems and instruments for ensuring compliance)	Regulatory states neither supplant nor save the welfare state. Importance of: (a) welfare state tradition (Bismarck vs. Beveridge); (b) broader state traditions on regulation explaining instrument preferences and allocation of regulatory responsibilities
Wassum and De Francesco (2019)	All EU Member States (except Luxembourg and Malta)	Electricity, gas, railway, telecommunications	Inputs and organizational output (regulatory autonomy of utilities regulators in EU Member States)	Importance of (a) legal tradition; (b) institutions (veto players); (c) VoC; (d) sectors in explaining regulatory autonomy

countries are predominant in our sample: only Mizrachy-Borchovitz and Levi-Faur (2019) go beyond by including the United States and Israel.

Considering sectors, the special issue covers not only domains that have been traditionally analyzed in regulatory studies, such as network industries (see Bulfone, 2019; Wassum & De Francesco, 2019), but also fields that have received less attention, for example, occupational health and safety (Rothstein, Paul, & Demeritt, 2019), and regulatory sectors characterized by recent developments like banking regulation (Kudrna, 2019) and credit consumer data protection (Mizrachy-Borchovitz & Levi-Faur, 2019).

Finally, the contributions investigate all the parts of the regulatory policy process as described in Section 3 (see also Figure 1). Most articles seek to explain how institutions and actors (inputs) influence outputs, which we have distinguished between rules that allow or forbid specific behaviors (prescriptive outputs) and rules that create enforcers like regulatory agencies and endow them with powers and competences (organizational outputs). Four articles (Mizrachy-Borchovitz & Levi-Faur, 2019; Bulfone, 2019; Kudrna, 2019; Rothstein, Paul, & Demeritt, 2019) look at prescriptive outputs, while two (Duarte Coroado, 2019; Wassum & Di Francesco, 2019) focus on organizational outputs, and on the independence and autonomy of regulatory agencies in particular. The relationship between outputs and outcomes, which we found to be rare in regulatory studies in general, is explored by the two contributions (Bulfone, 2019; Rothstein, Paul, & Demeritt, 2019) that adopt a more historical-institutionalist approach.

What are the main findings of our special issue contributions? Does our analytical framework serve as a valid heuristic device? If we look at the main results of the articles and at their implications for our approach, we must first acknowledge that not all contributions are at the same stage of the research agenda. A number of studies have as main objective categorization, while others more focused on tracing causal mechanisms. Among the former, we can include the articles by Mizrachy-Borchovitz and Levi-Faur (2019) and Kudrna (2019), which both trace recent regulatory innovations. The main aim of the article by Mizrachy-Borchovitz and Levi-Faur (2019), for instance, is chiefly exploratory: that is, it assesses whether different regulatory regimes in consumer data protection exist in the first place. The article also points to potential factors that could explain the emergence of distinct regimes, such as the traditional distinction between varieties of capitalism. However, it ultimately calls for a more systematic investigation of the political economy factors that better explain the emergence of a determinate Consumer Credit Data Regime. Similar, in this respect, is the contribution by Kudrna (2019), who seeks to establish whether European countries characterized by different varieties of capitalism diverge in the way they adapt to EU banking regulations. What emerges from his analysis is that the Central and Eastern European dependent market economies allow fewer exceptions to EU rules for domestic banks than liberal and coordinated market economies. Also in this case, the link between political-economic institutions and the regulatory regime can be further explored in future research.

Other articles start from more established categorizations or operationalizations, thereby delving deeper into causal mechanisms by linking inputs to outputs. Bulfone (2019) analyzes the strategies of the Spanish and Italian governments after the privatization of the former telecom and energy monopolists, finding that both the policy choices taken by the executives and state resources affect the ultimate success or failure in achieving internationalization. Bulfone also highlights the importance of feedback loops, observing that the Italian failure in the telecommunication sector led the government to adopt a different strategy, and ultimately succeed, in the energy sector. Rothstein, Paul and Demeritt (2019) adopt a similar approach in their cross-time and cross-country comparison of occupational health and safety regulations in four countries (Germany, France, United Kingdom, and The Netherlands). What they find is that regulatory regimes are shaped both by welfare state traditions and by the degree of state interventionism. The combination of these two inputs determines different types of regimes, which prove to be fairly stable over a long time span.

As we have already pointed out, different political-economic factors do not only affect regulatory regimes (prescriptive outputs) but also the way enforcers are set up. Duarte Coroado (2019), in her diachronic analysis of Portuguese regulatory agencies, finds that the general trend toward conferring more independence over time mainly reflects supranational pressures, coming both from political institutions (the European Commission in particular) and from market actors. The relevance of sector-specific features (their internationalization, their exposure to competition) is confirmed. Finally, Wassum and De Francesco (2019), who seek to explain what determines the scope of action of network industry regulators (their competencies and decision-making independence) in EU countries, estimate the impact of a wide range of factors (inputs). Their results point to the importance of several variables that lend support to the analytical framework here proposed: agencies' autonomy is influenced by the type of legal tradition, the number of veto players, and the degree of economic coordination.

5 | CONCLUSIONS

The special issues' main objective was to provide an answer to the ontological question: why a political economy of regulation? This has been, in our opinion, fairly well substantiated with both the setup of an analytical framework consisting of the "regulatory policy process" and its empirical exploration through the six contributions to this issue.

The explicit adoption of a political economy approach to regulation allows us to distinguish clearly the forest from the trees. Regulatory regimes—consisting of what we call *prescriptive* and *organizational outputs*—neither spring up in a societal vacuum, nor they fail to shape preferences and behaviors of the regulatees. They are, hence, not only tightly linked to political, economic, administrative, legal features that represent the *inputs* on which regulation is built, but also they produce *policy outcomes* by shaping micro practice that translates into changes at the aggregate level, leading eventually to (circular) feedback loops that restart the process. Thus, the understanding of the regulatory policy process helps us to place a regulatory regime within the broader political economy of a state or region, and, as a logical step further, to foresee (or make an educated guess on) what kind of reaction one should expect from the impact of a certain regulatory regime on the wider polity.

Empirically, the contributions to this special issue rather neatly vindicate our analytical setup. Especially as regards the linkages between *regulatory input* and *outputs*, all contributions show that state or regional traditions either significantly relate to or even go a long way toward explaining the emergence of a determinate regulatory mode. What is less explored in the literature—and to a certain extent in this special issue as well—is the role *policy outcomes* have on the generation of loops that feed back into the regulatory policy process, leading to the evaluation, reassessment, and adaptation of a regulatory regime to changing aggregate circumstances.

Even though we encourage the wider scholarship to move more decisively into that direction, we also acknowledge that grasping the whole regulatory policy process is far from being an easy task, and that it chiefly depends on the stage academic research finds itself in. As shown by a number of contributions to the special issue, exploratory studies are meant to, primarily, establish the existence and classification of regulatory regimes and, possibly, as a major plus, establish correlations with the surrounding political economy. Only when a field of study has reached a degree of maturity, the complexity of the regulatory policy process can be gradually appreciated in its entirety.

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ENDNOTES

[1] According to the pattern-based definition by Koop and Lodge (2017, p. 105), who acknowledge the great conceptual variation among different disciplines, prototype regulation is a typically direct intervention "exercised by public-sector actors on the economic activities of private-sector actors." By using a prototype, other elements, such as private-sector regulators or public-sector regulatees, are not excluded, but they are not considered as central. Regarding noneconomic activities, such as, the regulation of food safety, environmental issues, occupational safety and health, and so on, however, we should not play down the qualitative distinction between regulation aimed at eliminating market failures and the equally important management of risks (see Gilardi, 2008).

[2] The literature on public policy evaluation (Rossi, Lipsey, & Henry, 2018) defines the long-term effect of policy outcomes as impact.

[3] In contrast to the game-theoretical concept of equilibrium, which is essentially Paretian, we espouse here the notion of Kaldor-Hicks efficiency, essentially the (theoretically improved) criterion that "policy choices are minimally acceptable if the gains to the winners are high enough to permit full compensation to all losers" (Scharpf, 1997, p. 91).

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